# CONSUMER BEHAVIOUR IN ACTION

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OXFORD

*Consumer Behaviour in Action* introduces the fundamental concepts of consumer behaviour in a contemporary context. It provides a balanced approach and illustrates theory with practical applications and research methods for understanding consumers. Practical case studies provide global, regional and local industry examples. Extended case studies discuss topics such as Nike, Cricket Australia, Target and McDonald's, drawing together different parts of the book to connect the themes discussed and encourage readers to develop a deeper understanding of the material.

The accompanying enriched obook and Oxford digital student resources (please see back of book for access) provide superior, ready-to-use support for both students and lecturers.

**Key features**

- Rich with real-world examples of marketing in the Australasian region and practical examples from developed and less developed countries
- Includes perspectives from a range of industry practitioners at various points in their careers
- Features a diverse range of organisations, goods and services and covers the positive and negative social impacts of consumer behaviour.

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# PREFACE

Consumer behaviour is a meaningful discipline to learn. It is meaningful to learn about yourself as you grasp diverse concepts, theories and applications about the vast field of consumer behaviour. It is even more memorably meaningful when you connect consumer behaviour learning to your own experiences, knowledge and lifestyle. Yet it can be challenging for some students as there is much to learn and apply.

The challenge has always been to make the learning of consumer behaviour more engaging and relevant to student lifestyles. Time is precious to a student, especially when it comes to balancing diverse learning needs in a semester with physical, emotional and spiritual needs. An Australian Survey of Student Engagement of nearly 26,000 students revealed that between 66 per cent and 73 per cent of students work for six to 20 hours weekly. This means that students really want an efficient way to learn effectively while they earn money to pay for living expenses.

*Consumer Behaviour in Action* provides students with the opportunity to optimise learning over a 12-week semester. It focuses on key topics about consumers as social beings and as individuals who decide differently in diverse situations concerning goods, services, ideas and experiences. It illustrates interrelated concepts and theories through practical examples that will make the learning of the interdisciplinary field of consumer behaviour come alive for you.

This book shows consumer behaviour in action globally, regionally in the Asia–Pacific region, and nationally in Australia. It effectively provides a holistic perspective in the following areas:

1. the application of consumer behaviour theory and practice across private, public and nonprofit sectors
2. the behaviour of consumers across fast-moving consumer goods, services, durables, specialty products and unsought services
3. how consumer behaviour is important for both small and large organisations
4. how consumer behaviour is different in countries with varying levels of technology, education and economic development
5. how consumer behaviour is also influenced by news media coverage on business and social issues
6. how social media interacts with various forms of integrated marketing strategies and communication to influence consumer behaviour
7. the good and bad actions by consumers and organisations
8. the impact of consumer consumption and its wider societal impact
9. how positivist and interpretivist perspectives in research of macro and micro issues, decision making and buying processes encourage us to question traditionally accepted theories of consumer behaviour
10. how the orientations of academics, market researchers and industry practitioners to consumer behaviour differ across various cultural contexts.

Pedagogically, *Consumer Behaviour in Action* is oriented towards application and work-integrated learning. Each chapter carries a theme with vignettes, learning outcomes, practical examples, industry insights, a practitioner profile, succinct summaries, end-of-chapter questions, further reading, weblinks and glossary descriptions. The book's content and additional resources are also in our obook.

*Consumer Behaviour in Action* is based on collective wisdom from our industry and academic careers, consumer behaviour students, academic peers and industry practitioners. We hope that you will share your insights with us and be motivated to continue learning more about the whole wide world of consumer behaviour wherever you work.

*Peter Ling*
*Steven D'Alessandro*
*Hume Winzar*

# GUIDED TOUR

## HOW TO USE THIS BOOK

*Consumer Behaviour in Action* is enriched with a range of features designed to help support and reinforce your learning. This guided tour shows you how to best utilise your textbook and obook and get the most out of your study.

## LEARNING OBJECTIVES

A list of learning objectives is provided to outline the main concepts and ideas that you will encounter in each chapter. Learning objectives are then reinforced in margin notes at critical points throughout the text. These serve as helpful signposts for learning and revision.

## CONSUMER BEHAVIOUR IN ACTION

Each chapter has unique Consumer behaviour in action boxes to reinforce the key themes in that chapter. These put theory into action, providing practical and contemporary examples of these key themes from a range of local and global sources.
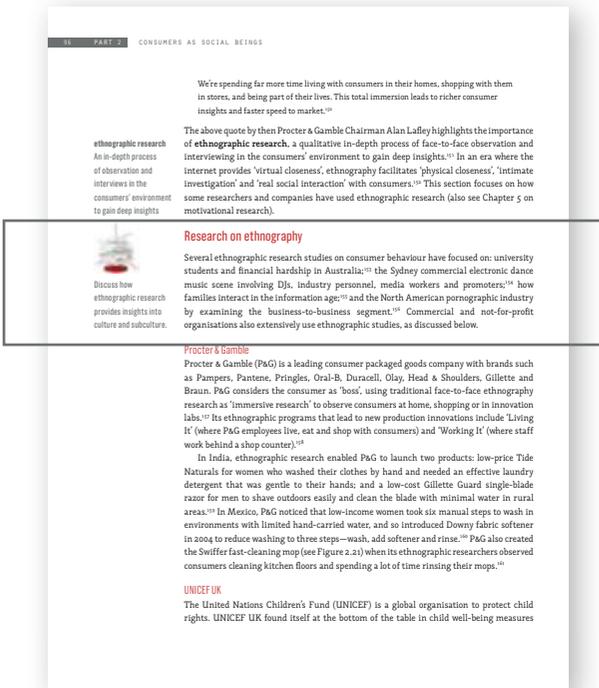
## KEY TERMS AND GLOSSARY

Key terms are highlighted where they first appear in the text, and the definition appears in the margin notes. The definitions are also collated in a complete glossary at the back of the book for easy reference.



GLOSSARY

**Absolute threshold**
How sensitive consumers are to faint and loud stimuli

**Abundance mentality**
A Covey concept to acknowledge that humans have an abundance in life for cooperative win-win mutual benefits

**Acculturation**
The process of learning about another or new culture

**Achieved status**
Status based on individual success

**Activation**
Assimilating new data in memory into old data to make material more meaningful

**Addictive consumers**
Consumers who display personality traits that include a complete loss of control over their actions in the long term, which is detrimental to their welfare and health; for example, addictive gambling, smoking, excessive drinking, binge eating and use of illegal drugs

**Adoption curve**
A graph showing the number of new adopters at discrete periods of time; it's usually presented as a density function, or bell-shaped curve

**Advertorial**
Advertising-sponsored content in the form of news stories

**Affective learning**
Learning to value certain elements of our environment and to dislike others

**Agent-based modelling**
A form of simulation where many simple interactions among many individuals, each acting for their own purposes and with limited information, have the effect of exhibiting complex emergent properties of the system as a whole

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### The absolute threshold

One way in which marketers can gain consumer attention may be simply to amplify the resonance of their message. This may involve increasing the volume of a commercial; for example, making a print advertisement or a billboard bigger. Unfortunately, the effectiveness of such an approach is limited by the **absolute threshold**, which is the amount of a stimulus that is noticeable. Research suggests that this is an exponential power law, up to a point of inflection, whereby any subsequent change is just not apparent to the consumer (called **Steven's power law**). This suggests that a 'more is better' strategy in communication is just not cost effective in gaining consumer's attention. Importantly, marketers should focus on that difference which is apparent to consumers, rather than merely 'pumping up' the volume on their advertising.

### Just noticeable difference

While the absolute threshold is useful in understanding how sensitive consumers are to faint and loud stimuli, it does not help inform us as to what differences in sensations are noticeable to us. Consumers can tell if a couch is red, but they are likely to want to know if the couch is redder than the drapes they are considering. Similarly, parents can distinguish

**absolute threshold**
How sensitive consumers are to faint and loud stimuli

**Steven's power law**
An exponential power law of attention whereby up to a point of inflection, any subsequent changes in stimuli are not apparent to the consumer

---

## OPENING VIGNETTE

Each chapter opens with a short vignette about a contemporary topic to introduce the subject through a concrete example.

**SOCIAL CLASS IN SINGAPORE**

The wealthy city-state of Singapore is known for many things, but particularly its social class stratifications, and discussion of relative class often focuses on the 5Cs—car, condo, country club, cash and credit card. Owning a Mercedes in Singapore could cost about S$310,000 (See Figure 3.1), while a Singapore condo with country club facilities in the city could cost a few million dollars. A golf country club membership in Singapore is perceived as a rich person's game compared with Australia, where golf is relatively cheap in green fees or club memberships and is enjoyed by many people.

Cash-rich Singaporeans often have cars with multiple stickers on the windscreen showing their club memberships. These Singaporeans are also serviced by private bankers and buy properties locally and abroad. Unlike Australia, many Singapore homes also have domestic maids to look after children, households and the elderly—some Singaporeans also bring their domestic maids to join in their overseas holidays. Whether for shopping in Singapore or abroad, rich Singaporeans often have several credit cards from different issuers such as the American Express Platinum Card, which is by invitation only.

Given this fixation with conspicuous consumption, there has been an attempt by government to refocus Singapore's 5Cs into non-economic variables, such as career, children, consideration, charity and comfort.

**FIGURE 3.1**
**Mercedes A45 AMG**



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## PRACTITIONER PROFILE

Profiles of consumer behaviour specialists are included to give real insight into professional life.

**PRACTITIONER PROFILE**

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### MATT GILLINGS

Born and raised in Sydney, Australia, Matt discovered marketing during Year 9 Business Studies at Shore School. While studying a Bachelor of Business at Macquarie University, his passion for marketing grew, as he was particularly fascinated by the psychology of consumers' buying decisions. After three years' experience in media, public relations and print marketing agencies, Matt began his Masters of Marketing at Monash University. In 2013 he joined Australia's leading experiential marketing agency, PLAY Communications, as marketing manager. In this role he manages the agency's offline and digital marketing, new business development and assists the client service team with campaign management.

*How did your career start?*
While at university I had the opportunity to contribute to the marketing and B2B sales operations of a snowboard distribution company that sponsored me as an athlete. Combining my love for snowboarding and my growing interest in marketing was a dream come true and a fantastic platform to learn real-life skills.

*What advice would you offer a student studying consumer behaviour?*
Never underestimate the value of understanding the motivations, needs and behaviours of different consumers. It is the greatest skill of any marketer. If you can understand why a consumer acts the way they do and tailor communications that are relevant to them, you can essentially sell any product.

*How important are consumer insights to what you do and to your organisation?*
Being in an agency environment means you will work across a plethora of brands and industries. Consumer insights allow marketers to understand mass and niche market consumer wants and needs, so brands and their product offering are relevant, attractive and profitable.

*What is the hardest decision you've had to make to date?*
Leaving a business and role can be a very tough decision. The uncertainty of your next step and the feeling of letting others down makes a career move, which should be 100 per cent rational, complicated.

## SUMMARY

A short summary of key points is included at the end of every chapter to reinforce comprehension of the learning objectives and the central themes of the chapter.

**SUMMARY**

This chapter focused on a broad introductory coverage of consumer behaviour. The following is a summary of various concepts under stated learning objectives, with metaphors to help illustrate each learning outcome.

1 Define consumer behaviour.
Consumer behaviour is like a chameleon, where consumers adapt differently to situations involving goods, services, ideas and experiences. Some definitions specify that consumer behaviour should include the acquiring, using and disposing process. However, there are situations where 'disposing' may not happen due to the nature of the purchase and the habits of the consumer. There are situations where you buy something but do not use the product or you do not buy anything after considering it.

2 Explain the sectors that constantly target consumers.
The private, public and not-for-profit sectors that target consumers would be like a joint military exercise involving the army, navy and air force. Not-for-profit organisations try to get consumers to support a social cause or decrease consumption such as drugs, a method called de-marketing. The public or government sector provides general services, such as electricity, gas and water, and consumer education or protection services. It also runs public service or social marketing campaigns on, for example, health and lifestyle behaviours. The private sector targets consumers to buy convenience goods, convenience services, durables, specialty goods and unsought services such as funeral planning. The convenience goods and services categories are more frequently purchased and hence outspend other categories in advertising. The private sector is business driven but also develops corporate social responsibility (CSR) initiatives; however, some consumers dislike certain companies based on what they say or do. The three sectors often work together to target consumers more effectively.

3 Describe how the sectors research consumers.
Marketers and academics are like forensics experts who research consumers in different ways over the decades. They look at both the big and small pictures in every situation, often digging up the past to inform the current situation and predict the next steps. There is cumulative learning of research conducted by global advertising experts, research companies, marketing leaders and scholars. Research is interdisciplinary, with concepts borrowed from anthropology, economics, linguistics, marketing, neuroscience, psychology and sociology. Research involves different research paradigms to study consumer behaviour, primarily the positivist quantitative and interpretivist qualitative approaches. Some research focuses on the micro dimensions of consumers' motivations, decision processes and purchase behaviours. More research is now conducted on various models of thinking about the consumer and the social impact of consumer behaviour (macro consumer behaviour).

## END-OF-CHAPTER QUESTIONS

Carefully designed review questions have been included at the end of every chapter. These can be used to check understanding of the key topics before moving on to the next chapter, or for group revision and discussion.

| | | |
|---|---|---|
| Kleenex culture | non-profit institution | role overload |
| macro consumer behaviour | phishing | role-taking concept |
| marginalised consumer | positivist research | satellite consumer |
| masochistic behaviour | preferential consensus | secretive consumer |
| micro consumer behaviour | private sector | social consumer |
| minimalist consumer | public sector | sophisticated consumer |
| multi-headed consumer | research paradigm | statistical consumer |
| mutable consumer | resourceful consumer | unsought services |

**END-OF-CHAPTER QUESTIONS**

1 What is a day in your consumer world like?
2 What is your personal definition of consumer behaviour?
3 Which sectors target consumers?
4 How has the industry contributed to research on consumers?
5 What campaigns or services of the not-for-profit sector have you come across?
6 What campaigns or services of the public sector have you come across?
7 Which goods and services categories of the private sector do you buy or use the most often?
8 Which fast-moving consumer goods and services' advertisements have you seen lately?
9 What examples of advertising have you seen that combine the efforts of the private, public and not-for-profit sectors?
10 Which disciplines have influenced the field of consumer behaviour?
11 What are the research paradigms used by consumer behaviour researchers?
12 Distinguish between micro and macro consumer behaviour.
13 What are your views on the 'Kleenex culture' in society?
14 When do you use or not use the traditional decision-making model and the buying process model?
15 What roles do you play in life and how do you manage these?
16 How have you been impacted positively and negatively as a consumer?
17 Why has the book adopted Belk's macro consumer behaviour concepts as a framework to study consumer behaviour?

**FURTHER READING**

Bain & Company Insights—
www.bain.com/publications/articles/taking-a-new-consumer-goods-category-from-zero-to-100.aspx

Behaviour articles, *New York Times*—
http://topics.nytimes.com/top/reference/timestopics/subjects/c/consumer_behavior

## FURTHER READING AND WEBLINKS

Further reading and Weblinks at the end of each chapter are included to help broaden understanding of the topics covered in each chapter.

11 Find other examples of marketers that have used ethnographic research successfully and discuss these in class. How did they use ethnographic research and what were the outcomes?
12 Which of the many industry examples presented in the chapter resonate with you? Why?

**FURTHER READING**

Added Value: New study reveals significance of cultural relevance as predictor of brand success—
www.added-value.com/source/2012/05/does-culture-really-matter-new-study-reveals-significance-of-cultural-relevance-as-predictor-of-brand-success

Consumer behaviour articles, *New York Times*
http://topics.nytimes.com/top/reference/timestopics/subjects/c/consumer_behavior/index.html

Cross-cultural consumer behavior: A review of research findings—
www.mariekedemooij.com/articles/demooij_2011_int_journal_cons_marketing.pdf

Nielsen: The digital lives of power moms
www.nielsen.com/us/en/newswire/2009/webinar-the-digital-lives-of-power-moms.html

UNESCO: Culture—
www.unesco.org/new/en/culture/

**WEBLINKS**

Cultural Sociology—
http://cus.sagepub.com

Ethnography—
http://eth.sagepub.com

European Journal of Cultural Studies—
http://ecs.sagepub.com

Games and Culture—
http://gac.sagepub.com

International Journal of Cross Cultural Management—
http://ccm.sagepub.com

International Journal of Cultural Studies—
http://ics.sagepub.com

Journal of Asian Studies—
http://journals.cambridge.org/action/displayJournal?jid=jas

## MAJOR CASE STUDY

Major case studies are included at the end of every part, picking up salient points and applying the theory discussed to real-life situations.



# obook

The obook is a truly integrated etext with extra content and resources built in. Additional videos, revision questions and links to further content are live within the text, and an integrated dictionary and note-taking features ensure an obook gives you the best aspects of both print and digital.

Your *Consumer Behaviour in Action* obook includes

- Hotlinked learning objectives to aid navigation
- Embedded weblinks to give you quick access to relevant resources
- Instant access to video examples and interviews with marketing professionals
- Live chapter revision questions
- Integrated dictionary, highlighting and note-taking features.

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**Dr Peter Ling** is Deputy Dean (Communication) in the School of Media and Communication at RMIT University and Associate Professor in Advertising. His industry career in the Asia–Pacific region has included journalism, public relations, retail advertising, advertising agency management, marketing communications consultancy and team creativity facilitation. Peter taught advertising, consumer behaviour, creative thinking and marketing communications at Edith Cowan University between 2004 and 2010. His doctorate at the University of Western Australia was on accelerated adult team creativity. Peter has written hundreds of industry articles and cases on the Asia–Pacific region, and has contributed four cases to this book.

**Dr Steven D'Alessandro** is Professor in Marketing at Charles Sturt University. He has published 91 refereed papers in leading international journals and contributed to numerous books and conferences. Steven has also worked as a market research consultant for blue-chip companies such as Pacific-Dunlop, ANZ, Challenge Bank, BHP, Telstra and Ford. His research interests include the effect of country-of-origin information on consumer judgements and choice; brand switching; luxury consumption; consumer durable purchasing behaviour; complex systems and simulations; marketing strategy and the environment; diffusion of innovations; marketing of pharmaceuticals and body image; global branding; wine marketing; and privacy research. In 2012, he was awarded the Distinguished Educator of the Year by ANZMAC for sustained excellence and innovation in marketing education.

**Hume Winzar** is Associate Professor in Business at Macquarie University, Sydney. He has been teaching, consulting and researching in marketing research techniques and consumer behaviour for three decades in Australia, Canada, India, Turkey, Singapore and Malaysia. His current research interests are in modelling of complex systems in marketing and consumer interactions.

**Dr Sujana Adapa** is a Lecturer in Management (Strategy and Marketing) in the UNE Business School at the University of New England, Armidale. Sujana teaches Introduction to Marketing, Marketing Strategy and Management, Services Marketing and International Marketing units at UNE for undergraduate and postgraduate students. Her research interests relate to the adoption of technological innovations, corporate social responsibility, sales management, destination visitations and branding. She has published research papers in industry journals and presented her research in national and international conferences.

**Michelle D'Alessandro** has an Honours degree in Psychology from the University of Western Australia and is currently undertaking a Masters of Journalism at Charles Sturt University. Michelle's industry experience has included product development in the UK for the commercial arm of the British Broadcasting Corporation and the sales management of a broad range of television programming in Australia for BBC Worldwide.

**Amadeus Driando Ahnan** works in the Research and Development division at PT Embrio Biotekindo, a leading Indonesian food safety company. He absorbed Javanese culture when living with his Javanese grandparents while studying at university, and became passionate about tempeh, a Java-originated food that has become Indonesia's favourite fermented food. He plans to continue researching and publishing on Indonesia's indigenous foods.

**Earl Jobling** is an Economics and Finance Lecturer within the Faculty of Business, Economics and Law at La Trobe University. He has taught at institutions in Singapore and Hong Kong, and undertaken consultancy work on behalf of La Trobe's Centre for Sustainable Regional Communities (CSRC). His current research interests include banking and financial services marketing and university community engagement. He has presented numerous papers at both national and international conferences, a number of which have been published in academic journals. Prior to joining the La Trobe Business School he worked as an adviser to an investment trust.

**Dr May O. Lwin** is the Associate Dean (Graduate Education) of Nanyang Technological University College of Humanities, Arts and Social Sciences, and Associate Professor in the Division of Public and Promotional Communication at Wee Kim Wee School of Communication and Information (NTU). She is also a senior fellow at the university's Asian Consumer Research Institute. Dr Lwin specialises in strategic communication and health communication and has been published in leading journals including the *Journal of Consumer Research*, *Journal of the Academy of Marketing Science*, *Journal of Adolescence*, *Journal of Communication*, *Journal of Health Communication*, *Journal of Advertising* and *Journal of Public Health*.

**Dr Marthin Nanere** is a Senior Lecturer in Marketing within the Faculty of Business, Economics and Law at La Trobe University, Melbourne. He has extensive experience teaching marketing, agricultural marketing, economics and statistics subjects in several countries including Indonesia, Singapore, Canada and Australia. His research interests cover a broad range of areas in channel member relationships, productivity measurement and environmental marketing, as well as issues related to food safety, genetically modified products and green products. His research has appeared in journals including the *Journal of Environmental Management*, the *Journal of Marketing Management* and the *Journal of Food Products Marketing*.

**Muhammad Sayem** is an early career academic with more than six years of professional experience in the field of marketing, service delivery and customer service in multinational firms. At present he is undertaking doctoral studies in the Australian School of Business, University of New South Wales, while teaching units on Marketing Management and Planning, Consumer Behaviour and Organisational Behaviour in the School of Business, University of Canberra. He also works as an educational designer, developing curricula based on the flipped-classroom model.

**Wida Winarno** is the director of PT Embrio Biotekindo, a leading Indonesian food safety company. She is also the director of PT Bambino Boga Persada, which produces Indonesia's indigenous fermented foods (such as yoghurt and cassava tapai), founder of the 'Fit and Healthy Community' program, founder of the Indonesia Food laboratory Association, and head of Quality Assurance at the Consortium of Healthy Indonesia. Those organisations inform her vision of 'food safety for everyone'.

**Dr Jan Zwar** is a researcher and lecturer in the Faculty of Business and Economics, Macquarie University. In 2013 she assisted the Book Industry Collaborative Council in drafting their final report on the future of Australia's book industry. In 2014 she commenced a postdoctoral fellowship at Macquarie University with Professor David Throsby, an eminent cultural economist who is known for his interdisciplinary collaboration. She is examining the cultural value of Australia's book industry and responses to contemporary changes by authors, publishers and readers. She has lectured in a number of marketing units, including Marketing Fundamentals, Consumer Behaviour, and Social Marketing and Sustainability.

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# PART ONE

## INTRODUCTION

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# INTRODUCTION TO CONSUMER BEHAVIOUR

Peter Ling

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1 define consumer behaviour
2 explain the sectors that constantly target consumers
3 describe how the sectors research consumers
4 discuss how consumers make decisions
5 debate how marketing activities impact consumers
6 discuss an appropriate framework to study consumer behaviour.

## YOUR CONSUMER WORLD

One way or another, you have been a consumer since you were young and have been evolving over the years.

As a baby, you consumed whatever food your parents gave you. You wore nappies, clothes and shoes that your parents chose. As a toddler, you devoured *Sesame Street* shows on television to learn about the alphabet. You tagged along on supermarket trips, insisted on a lolly, and observed how your mum and other people shopped. You probably pestered your parents to buy Coca-Cola soft drink, McDonald's french fries and Happy Meals with special film toys.

As you became more knowledgeable in your teens, you exerted more influence. You specified which brands of clothing and footwear that your parents should buy for you, which attire to wear for your high school social, what household items would be good for the home and where to go for family holidays.

You progressed to making your own decisions. You chose which discipline to study, which university to enrol in after consulting friends and parents, whether to study full-time or part-time and whether to go on a study tour or student exchange.

In your current life, you likely watch favourite films on DVD, online or at the cinema, buy music from the iTunes Store, buy your own smartphone, laptop or tablet, create Facebook and email accounts, join a brand community and vote for *X-Factor* or *The Voice* contestants. You also choose which pubs to frequent, which celebrities to follow, which political party to support, which sport to participate in, which job to work in, whether to have tattoos or cosmetic surgery, whether to buy fake brands or second-hand goods, whether to rent or buy an apartment or house, and whether to plan for your future by buying insurance policies.

Your life now may also involve deciding whether to donate time or money to a fund-raising appeal, whether to sell your possessions to raise funds for charity or cash for newer goods, whether to opt in to donate your organs when you die, whether to be a responsible consumer (for example, throwing your burger wrapper in the bin instead of on the road) or **deviant consumer** (such as a shoplifter), whether to buy organic food or environmentally friendly goods, whether to complain about advertisements, whether to participate in product development activities of companies, and whether to engage in **masochistic behaviour** such as a Tough Mudder event that includes an electroshock therapy.

Welcome to your own wide world of **consumer behaviour**! And to the organisational world that is constantly engaging you with technology and services. See Figure 1.1 on how Samsung connects your multimedia world through its 3D television.

**deviant consumer**
A consumer who deviates from accepted behaviour, such as engaging in shoplifting

**masochistic behaviour**
Deriving pleasure from pain

**consumer behaviour**
The process of how consumers behave in situations involving goods, services, ideas and experiences

**FIGURE 1.1**
Samsung 3D TV

## INTRODUCTION

Consumer behaviour is a central part of your life. It is a changing process where you could be a user, buyer, seller, influencer and an environmentally conscious consumer during different stages of your life. You may be involved in the process individually or collectively. You may buy goods or raffle tickets on impulse. You may buy brands habitually or accept alternatives in an out-of-stock situation. You may take some time deciding on high-priced purchases, rationally evaluating the options.

There are many questions surrounding consumer behaviour: What is consumer behaviour? Which sectors constantly target consumers? How do sectors research consumers to gain insights into their behaviour? How do consumers decide from abundant alternatives? How do marketing activities impact consumers? What is an appropriate framework to study consumer behaviour? This chapter addresses all of these questions.

## WHAT IS CONSUMER BEHAVIOUR?

Consumer behaviour is about the behaviour of consumers in different situations. However, there are various definitions of the discipline:

> The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas.[1]

> A discipline dealing with how and why consumers purchase (or do not purchase) goods and services.[2]

> Consumer behaviour can be thought of as the actions, reactions, and consequences that take place as the consumer goes through a decision-making process, reaches a decision, and then puts the product to use.[3]

> The dynamic interaction of affect and cognition, behavior, and environmental events by which individuals conduct the exchange aspects of their lives … the overt actions of consumers.[4]

> It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.[5]

> [C]onsumer behaviour is defined as (1) the mental and physical acts of (2) individuals, households or other decision-making units concerned with ultimate consumption involving (3) the acquisition, own production, use and, in some cases, the dispossession of products and services.[6]

The definitions reveal two central themes about consumer behaviour:

1   It is a process of actions covering purchase, usage and/or disposal.
2   It involves individual or group consumers in goods, services, ideas and experiences.

Some scholars feel strongly that consumer behaviour must have the three elements of acquisition, usage and disposal.[7] This seems to be a rigid view of consumer behaviour. Is it not consumer behaviour when you search for information but do not buy; when you buy a gift and do not personally use the purchase; and when you do not dispose of your purchase?

While you would discard many goods such as supermarket perishables and worn-out furniture, would you get rid of an expensive watch or diamond? You may keep such

*Define consumer behaviour.*

purchases for life. Some consumers also have a habit of not disposing drinking cups and food wrappers in bins at fast food outlets.

Would disposing be relevant when you buy an idea to donate to a social cause, such as a tsunami appeal? You may continue to donate to different fund appeals, but would this behaviour be considered disposing of one idea to support another idea? Also, would you dispose your wonderful experiences gained through time at the movies or rides at a theme park?

The definitions also seem to cover new and high-price purchases, which would naturally include a more thorough process of searching, evaluating and selecting before the purchase action. In practice, consumers often make routine or impulse purchases of low-price items. For example, you may buy a certain drink out of habit, convenience or availability when you are thirsty (see more discussion under the section 'How consumers decide').

Hence, a more suitable definition to cover different consumer situations would be:

> Consumer behaviour is about how consumers behave in situations involving goods, services, ideas and experiences.

The situations could cover pre-purchase, purchase and post-purchase. The situations could be for trying something new (for example, a new food item offered by a sales promoter in a supermarket), buying a new purchase (for example, a car), making a repeat purchase (for example, buying the same brand of milk), changing a service provider (for example, your internet or telephone provider), supporting a public service campaign (for example, slowing your driving speed) or considering a purchase but not eventually buying it (for example, travel insurance).

Depending on the situation, you as a consumer would behave differently; for example, buying, using and disposing of a simple item; searching, evaluating and buying as a gift; buying, using and keeping an expensive purchase; evaluating but not buying; and so on. Your consumer behaviour situations are diverse and you may have your own definition of the field after learning more about this complex field of consumer behaviour.

## SECTORS TARGETING CONSUMERS

The terms 'private', 'public' and 'non-profit' sectors are often used to distinguish commercial, government and not-for-profit organisations that market to consumers. At different times of your human life cycle, you could be buying commercial goods (for example, bread), government services (for example, water) and not-for-profit ideas (for example, donating to an appeal to save endangered animals). This section focuses first on the non-profit, then the public and lastly the private sector.

### Non-profit sector

**Non-profit institutions** (also known as the voluntary or third sector) organise charitable, cultural, educational, political, recreational, social or sporting activities on a non-profit



Explain the sectors that constantly target consumers.

**non-profit institution**
An organisation that organises charitable, cultural, educational, political, recreational, social or sporting activities on a non-profit basis

basis.[8] A non-profit organisation uses commercial marketing concepts for social change or social marketing purposes.[9]

Social marketing has two goals: first, to get consumers to *increase* support for a social cause (for example, donations or consumer rights); and second, to convince consumers to *decrease* some behaviour (for example, consumption of drugs or binge drinking—a process described as **de-marketing**).[10] For example, WWF as the independent conservation organisation works with businesses, communities and governments to help 'people live in harmony with nature'.[11] WWF initiatives include gaining support for its preservation of the Amazon tropical rainforest and reduction of global carbon emissions (see Figure 1.2).

**de-marketing**
A marketing activity that aims to *decrease* consumption, such as drugs and binge drinking

**FIGURE 1.2**
**WWF**



Another non-profit organisation is Consumers International, which has championed consumer rights since 1960 in 120 countries through 240 member organisations. Its eight principles are that the consumer has the right to satisfaction of basic needs, safety, information, consumer education, healthy environment, choice, to be heard and to redress.[12]

A unique nature of non-profit organisations is that they survive on funding or member support, although they do use private sector organisations to assist from time to time. For example, consulting firm Deloitte, which has a website on 'Not-for-profit sector insights', revealed in its 2012 survey the challenge of securing more government funding to service increasing community needs during natural disasters.[13]

A research study of non-profit managers in Britain, the USA and Australia found that promotional marketing was the non-profits' most important activity, with a small percentage acknowledging the importance of market research.[14] Another study highlighted that non-profit organisations are organisation-centred rather than consumer-oriented.[15]

## Public sector

The **public sector** provides government services for consumers and organisations, such as education, electricity, health care, gas, public transportation, roads, police, military, water and tourism. Many nations market their cities or countries to attract tourists, residents and investments.[16]

In some countries, both the public and private sectors supply household services contemporaneously; for example, electricity in the USA and water in Britain and France.[17] Education also can be offered by both the public and private sectors, with the price differential not bothering some parents. For example, an Australian Scholarships Group study revealed that a public education from pre-school to Year 12 in Melbourne, Australia, would cost about $70,000, compared with a private education of $500,000.[18]

One study reported that consumers should have access, choice, information, redress and representation concerning public services, especially the health service.[19] Another report recommended the need for more consumer engagement to improve the mental health service in Victoria, Australia.[20]

The public sector also provides useful consumer protection services. For example:[21]

1   The Australian Bankers Association advises on identity protection.
2   The Australian Department of Communications, through its Stay Smart Online website, advises on securing computers, online interactions and transactions.
3   The tourism program within the Department of Industry helps travellers to maximise their visits to Australia.

The Australian Government has also been running numerous social marketing campaigns to influence behaviour change: for example, on health, anti-smoking, cancer awareness, organ donation, life quality and sexually transmissible infections (see Figure 1.3).[22]

**public sector**
A sector that provides government services for consumers and organisations, such as electricity, gas and water

**FIGURE 1.3**
Sexually transmissible infections campaign



**CONSUMER BEHAVIOUR IN ACTION**
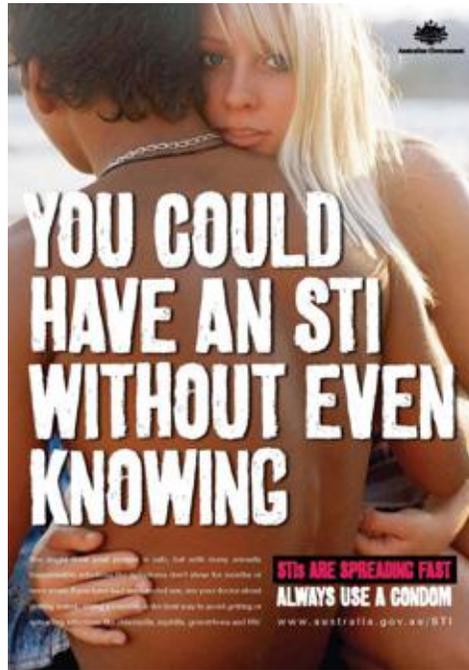
## WIPE OFF 5: TAC, VICTORIA

Speeding on roads has always been an issue. The Transport Accident Commission (TAC) in Victoria, Australia, started addressing the problem in 1990 with speed cameras and laser speed detectors.

Research provided evidence that reducing the driving speed by five kilometres an hour would make a significant difference to the stopping distance in an emergency situation, and therefore help to prevent fatal accidents. After a series of research testing on advertising concepts, the 'Wipe off 5, or wipe out lives' campaign started in 2001.

Over the years, the television campaign (see Figure 1.4) has shown a father guilty of a car crash that killed his daughter; women talking about speed-related trauma and the long-term damage of a serious road crash; a father being held responsible for killing a young female cyclist; the ripple effect of a young man's death on family, friends and colleagues; Melbourne Victory football players speaking in Arabic, English, Greek, French, Italian and Portuguese about the need for road control; and Australian Rules football players advocating 'Wipe off 5'.

The integrated campaign has also included the use of posters, stickers, banners and online sites Facebook, Twitter and Instagram to engage people on how to 'Wipe off 5'.

'Wipe off 5' has had a great impact on drivers' attitudes and behaviour—speeding incidence declined over time from 25 per cent to 11 per cent. Fatalities dropped from fifty-two in 2009 to forty-four in 2013.[23]

**FIGURE 1.4**
'Wipe off 5'

## Private sector

The **private sector** or business sector is made up of commercial companies marketing goods, services, ideas and experiences to consumers (as well as the private, public and non-profit sectors). It includes commercial research companies collaborating with their global offices and marketers to research consumers for product development, consumer trends and lifestyle changes. It also includes creative services firms in advertising, public relations, marketing communication, media and production who plan and execute integrated campaigns to appeal to consumers. The sector also includes industry associations promoting their product categories, such as beef, milk, fruits and vegetables.

Consumers' purchases of commercial goods and services can be categorised as follows:[24]

1 *Convenience goods*—non-durables or **fast-moving consumer goods (FMCG)**, such as dairy items.
2 *Convenience services*—such as entertainment, finance, health, news, telephone and travel.
3 *Durables*—such as appliances, cars, furniture and clothes.
4 *Specialty products*—luxury items such as diamonds and premium watches.
5 **Unsought services**—such as blood donations, life insurance and funeral services.

The convenience goods category, naturally, is the most advertised because of its low price, consumption frequency and high volume compared with other categories, which command higher prices but lower purchase incidence. The Nielsen Global AdView Pulse 2013 report (which covered Argentina, Brazil, Croatia, Egypt, France, Greece, Hong Kong, Japan, Kuwait, Lebanon, Mexico, Portugal, Saudi Arabia, Spain, Switzerland and United Arab Emirates) revealed that FMCG had the highest advertising share of 21.3 per cent, with

**private sector**
A sector made up of commercial companies that market goods, services and experiences to consumers and also to private, public and non-profit sectors

**Fast-moving consumer goods (FMCG)**
Consumer goods that are non-durable, such as dairy items

**unsought services**
Services that consumers do not usually seek, such as funeral services and donating blood

entertainment at 13 per cent and industry and services at 11.8 per cent. The convenience goods categories of FMCG and services outspent the durables category by about four times (see Table 1.1).[25]

**TABLE 1.1**
Advertising share by consumer categories

| CONSUMER GOODS AND SERVICES CATEGORIES | ADVERTISING SHARE (%) |
|---|---|
| FMCG | 21.3 |
| Entertainment | 13.0 |
| Industry and services | 11.8 |
| Auto | 9.2 |
| Media | 9.1 |
| Health care | 7.4 |
| Financial | 6.2 |
| Telecom | 5.8 |
| Durables | 5.7 |
| Distribution | 5.5 |
| Clothing and accessories | 3.4 |
| Miscellaneous | 1.6 |

The world's largest FMCG company, Procter & Gamble (P&G), has billion-dollar brands such as Head & Shoulders, Olay, Oral-B, Pampers and Pantene.[26] P&G spends about 11 per cent of sales revenue on advertising, with about US$9 billion advertising on its US$83 billion sales in 2011.[27]

This quote from P&G aptly sums up the goal of the business sector:

Today we reach a little more than half of the world's 6.7 billion consumers. We want to reach another billion in the next several years, and much of that growth is going to be in the emerging markets, where most babies are being born and where most families are being formed. We see growth across our entire portfolio.[28]

One category for P&G growth is the sanitary pad market in India, where 12 per cent of reproductive-age women use sanitary pads and 88 per cent use old fabric, newspapers, dried leaves and grass, husks, ash and sand.[29] This has presented P&G the opportunity to work with the public sector to reach 2.5 million girls in 15,000 schools across India with hygiene messages.[30]

**corporate social responsibility**
The notion that organisations have responsibilities to their society and consumers (often known as CSR)

Working with the public and non-profit sectors is a goal of many companies, a concept called **corporate social responsibility** (CSR) where organisations have responsibilities to their society and consumers.[31] CSR dimensions cover legal, ethical and philanthropic expectations.[32] In Australia, the private sector supports the government's National Cultural Policy to facilitate consumer enjoyment of Australian-made films, music festivals, museums, arts centres and orchestras.[33] However, one research report cautioned that

consumers would dissociate with companies that are insincere in their social initiatives and are not proactively matching the initiatives with corporate mission.[34]

Unilever, a competitor of Procter & Gamble, has a 'Private Sector Outreach' program—in consultation with 300 companies in Brazil, China, Colombo, France, India, Indonesia, Liberia, Mexico, Netherlands, Russia, South Africa, Spain and Britain—to focus on social issues such as education, health and 'early days' child nutrition for 1000 days between conception and the second birthday.[35]

One classic example of private sector collaboration with the non-profit sector is the (Red) campaign. Singer Bono and activist Bobby Shriver started (Red) in 2006 to partner with private companies to develop (Red)-branded goods and services (see Figure 1.5). A percentage of sales turnover goes to its global fund to help HIV/AIDS victims in Ghana, Kenya, Lesotho, Rwanda, South Africa, Swaziland and Zambia. Partners include Apple, Starbucks, Coca-Cola and Live Nation Entertainment. So far, partners have contributed over US$250 million to assist 40 million people in Africa.[36]



**FIGURE 1.5**
Apple's red iPod Nano raises funds to fight AIDS in Africa

Not all private sector companies are in the good books of consumers. A 2014 *Wall Street Journal* article on 'The 10 most hated companies in America' included Abercrombie & Fitch because consumers still remember the controversial 2006 statement that the company was only interested in 'cool kids' but not overweight customers.[37] Some companies' questionable practices were highlighted in award-winning documentary, *The Corporation*, which showed how companies can manipulate marketing, government and the media to achieve their profit focus (see the discussion on dissociative companies in Chapter 4).[38]

In summary, the private, public and not-for-profit sectors serve consumers by providing goods, services, ideas and experiences. The non-profit sector's goal is to have consumers support their programs, whether to increase donations or to dissociate with undesirable

behaviour. The public sector also promotes social cause campaigns, and provides services to consumers and companies, sometimes competing against the private sector for a share of the consumer dollar. The private sector is business driven but also develops CSR initiatives; however, some consumers dislike certain companies based on what they say or do. These three sectors often interact to serve consumers effectively.

CONSUMER BEHAVIOUR IN ACTION

## BUYING PLEASURABLE PAIN: TOUGH MUDDER

Would you sign a death waiver and pay to be electrocuted during an extreme outdoor adventure event?

Well, about a million participants have done that through Tough Mudder, which positions itself as 'the premier obstacle course series in the world'. You swim through ice, walk across a narrow wooden plank or fall into icy water, jump into a deep muddy water pit, climb a slippery mud cliff, drag heavy tyres, run through blazing firewood, crawl underneath dangling live electrical wires, and sprint through 1000, 15-metre-long wires with a charge of 10,000 volts[39] (see Figure 1.6).

**FIGURE 1.6**
Tough Mudder's electroshock therapy



Each Tough Mudder participant has to pledge before an event:

1   I understand that Tough Mudder is not a race but a challenge.
2   I put teamwork and camaraderie before my course time.
3   I do not whine—kids whine.
4   I help my fellow Mudders complete the course.
5   I overcome all fears.

Since the event is about challenging oneself over 18—20 kilometres of twenty-five military style obstacles in three to four hours, participants could skip an obstacle without
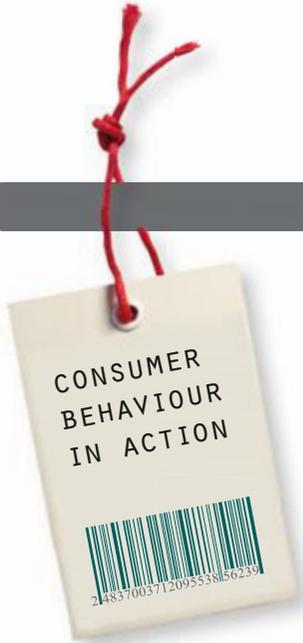
penalty for medical reasons or a lack of basic swimming skills. The completion rate to date is 78 per cent. One participant drowned in 2013.[40]

Each participant pays an entry fee of about A$155 plus an A$11 service fee. Teams with fifteen participants get a free ticket, teams with twenty-five participants receive a Tough Mudder banner and teams with thirty-five participants could be listed on the Tough Mudder website. Spectators pay A$20 each plus a A$2 service fee.

At the request of hard-core 'Mudders', Tough Mudder introduced its World's Toughest Mudder Competition in 2011 to select the toughest man, woman and four-person team. Competitors complete as many miles as possible in 24 hours. In 2011, 1004 participants were challenged over forty obstacles, with 103 participants still competing after 24 hours.

There is also the Mudder Volunteer Program for those who wish to 'sample' Tough Mudder. Volunteers are assigned to different tasks, such as helping at registration, face-marking, pumping up the start-line crowd, keeping the ice pits freezing cold, putting headbands on participants and handing out beer at the finish line.

Besides providing challenging events for individuals and teams, Tough Mudder also supports the Wounded Warrior Project in the USA. Participants have raised over US$6 million to support returning injured servicemen and women through counselling, combat stress recovery, employment services and sports programs. Tough Mudder also supports Help For Heroes in the UK to support the transition to civilian life, Legacy in Australia to support families of deceased veterans and Movember in Germany to support men's health.

Will Dean, an ex-counterterrorism agent for the British Government, conceived the idea for Tough Mudder in 2009 at Harvard Business School. Tough Mudder is now headquartered in New York, with offices in London, Melbourne and Munich. Tough Mudders's official partners now include Advil, Bic, Wheaties and the US Army Reserve.

## RESEARCHING CONSUMERS

In a competitive environment where private, public and non-profit sectors pursue consumers' dollar, time and feedback, research helps companies to understand their consumers better and to plan effective strategies. The nature of research is that yesterday's research informs today's strategies, which in turn guide tomorrow's plans. This is the 'building block effect', where researchers add new knowledge to previous research to use existing knowledge creatively. Hence, this section looks at the industry perspective, the interdisciplinary nature of consumer behaviour research from academic literature, models of thinking about the consumer, and macro and micro research on consumer behaviour.

Describe how the sectors research consumers.

### Industry perspective

The American Advertising Federation (AAF) has inducted many research pioneers and leaders into its Advertising Hall of Fame, including J Walter Thompson, George Gallup, Raymond Rubicam and Arthur C Nielsen Sr.[41]

Thompson started as a media buying and selling agency but later expanded to advertising services in 1885. He established a marketing research department in 1915 with behavioural scientists to help create consumer panels that led to successful campaign strategies.

Gallup's doctoral thesis was 'A scientific method of measuring reader interest in the content of newspapers'. He joined the Young & Rubicam advertising agency in 1932 to establish the first advertising copy research department and the national radio audience measurement system. Gallup started his Gallup Organization in 1935 and recruited David Ogilvy, who later set up his own advertising agency. They conducted research of film consumers through diagnostic studies and preview screenings to help Hollywood produce better films. Gallup later collaborated with research academics to establish the Gallup International Research Institute, with members across fifty countries reporting consumer opinions on diverse life issues. Gallup's famous opinion polls now run in 160 countries.[42]

Rubicam was the co-founder of Young & Rubicam in 1923. With his philosophy that the advertisement should 'mirror the reader', Rubicam and Gallup pioneered new consumer and media research methods, such as scientific telephone sampling to measure advertising effectiveness. Rubicam also pioneered the use of comic strips as an advertising medium.

Nielsen is credited as a worldwide pioneer in consumer research as the founder of what is now the largest global marketing research firm in 100 countries and the creator of the 'cost per thousand' method for media measurement performance and the industry standard for television audience ratings (see the Consumer behaviour in action box).

In 2010, the AAF for the first time inducted a corporation—Procter & Gamble (P&G)—into its Advertising Hall of Fame, based on its global advertising leadership.[43] P&G is reputed to be the first marketing company to conduct consumer research, in 1924, to understand consumer needs and develop relevant products. This consumer-focused research helped the company to create innovative products, such as the first disposable nappy.[44] In 2012, the AAF Advertising Hall of Fame inducted AG Lafley, P&G's former president, who advocated engagement with consumers' 'moments of truth'. Lafley was the ninth P&G staff member to be inducted into the Advertising Hall of Fame for improving consumers' lives.[45]

The pioneering work of Thompson, Gallup, Rubicam, Nielsen and P&G have led to a worldwide marketing research industry estimated to be worth about US$34 billion. Peak international market research body, ESOMAR, with 4900 members in 130 countries, reported that the marketing research industry is growing by about 4 per cent yearly, with more turnover in Europe than North America[46] (see Table 1.2).

**TABLE 1.2**
Global market research turnover, 2011

| REGIONS | TURNOVER (US$ BILLION) |
|---|---|
| Europe | 14.1 |
| North America | 11.2 |
| Asia−Pacific | 5.7 |
| Latin Americas | 1.9 |
| Middle East and Africa | 0.6 |
| **Total** | **33.5** |

Marketers have also benefited over the last decade from the Euromonitor International book, *World Consumer Income and Expenditure Patterns*. The 2014 edition compares data over the last 20 years on seventy-five categories of goods and services in seventy-one countries.[47] Euromonitor also publishes 'Consumer Lifestyles' of eighty nations, including Asia–Pacific countries. The *Consumer Lifestyles in Australia* book indicates that many Australians are saving more, spending less, buying more online and taking shorter holidays, and are unprepared for retirement. On the other hand, New Zealanders are more value-conscious because of higher costs for food, fuel and housing.

## NIELSEN KNOWS THE PULSE OF CONSUMERS

Engineer Arthur C. Nielsen started his Chicago research business in 1923 with a US$45,000 loan to evaluate conveyor belt and turbine generator quality.

The Nielsen company produced its first consumer market survey in 1929, measured consumer sales during the 1930s depression, determined sales patterns through store shelves audits, recorded radio listening habits, launched the consumer index in 1947, opened Australian and New Zealand offices in 1948 and 1953, started the television index in 1950, established a coupon clearing house in the USA in 1957, implemented a service to measure sales of new consumer goods in 1961, offered daily national television program ratings in 1973, acquired the Survey Research Group in Asia in 1994, launched a weekly internet usage service in 2000, measured online campaign ratings in 2011, and became the first official market researcher for the 2012 Olympic Games in London.[48]

The Nielsen company has expanded its services to gain deeper insights into the consumer subconscious. Its 'consumer neuroscience' service uses electroencephalography (EEG) technology to measure brainwaves and gauge consumer reactions to marketing elements, such as advertising, branding, in-store displays, product packaging and product experience of taste and touch.[49]

The Nielsen Global Survey of Consumer Confidence, started in 2005, is based on polling of 30,000 online consumers across sixty countries in Africa, Asia–Pacific, Europe, Latin America, the Middle East and North America. Nielsen obtains consumer sentiments about the global economy by asking questions on job prospects, finance, savings and spending intentions, plus changing habits, attitudes and desires over time. Twice yearly, Nielsen obtains information on food safety, loyalty, online shopping and product innovation.[50]

Nielsen reported that Asia–Pacific was the only region showing an increase in consumer confidence every quarter in 2013, with more consumer confidence within Indonesia than in other countries[51] (see Table 1.3).

A recent Nielsen research compared Australians' online habits between 2003 and 2013. Surveying 5000 respondents aged 16 and above online, Nielsen reported that 82 per cent of Australians spent 23.3 hours online weekly in 2013, compared with 73 per cent of Australians and 6.7 hours in 2003. The report also revealed that marketers have responded to this change in online behaviour by increasing online advertising from 3 per cent of the advertising pie in 2003 to 27 per cent in 2013.[52]

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**TABLE 1.3**
Consumer confidence index in Asia–Pacific, 2013

| COUNTRY | CONFIDENCE INDEX |
| --- | --- |
| Indonesia | 124 |
| India | 115 |
| Philippines | 114 |
| China | 111 |
| Thailand | 109 |
| Hong Kong | 105 |
| New Zealand | 100 |
| Vietnam | 98 |
| Malaysia | 98 |
| Singapore | 97 |
| Australia | 95 |
| Japan | 80 |
| Taiwan | 73 |
| South Korea | 49 |

## Interdisciplinary research

Consumer behaviour has been a marketing sub-discipline since the 1950s.[53] However, academic literature reveals that many other disciplines have influenced the scope of consumer behaviour from the 1960s, such as anthropology, economics, linguistics, neuroscience, psychology and sociology.[54]

Psychology and sociology have significantly contributed to the consumer behaviour concepts of prestige, reference group, role, social class and status.[55] Anthropology's techniques of analysing primitive human societies have been used on urban consumers to help marketers understand consumer kinship, gift giving, buyer–seller interactions and changes in fashions and styles.[56]

Scholars in an anthropological qualitative consumer research study explored the problem-solving behaviour of environmentally concerned consumers during their grocery shopping. The scholars interviewed 100 German and UK consumers across three groups: German green consumers, British green consumers and British non-green consumers. The scholars recommended that green marketing communication should be factually tailored to different consumer groups through seminars, leaflets, posters, advertising and community-based marketing, where experienced green consumers advise novices in green consumption.[57]

From an applied perspective, Adidas hired anthropologists to gain consumer insights. Adidas designers spent weeks with Germany's Bayern Munich football club before designing a light football boot to increase the speed of players[58] (see Figure 1.7).

Other marketers are also now relying on **behavioural economics**, which combines psychology and economics to understand the emotional and irrational decisions of

**behavioural economics**

An interdisciplinary study that combines psychology and economics to understand the emotional and irrational decisions of consumers

**FIGURE 1.7**
Adidas football boots: designing through anthropology

consumers.[59] Consulting firm McKinsey offers four suggestions in its report, *A Marketer's Guide to Behavioural Economics*:[60]

1   Make a product's cost less painful; for example, to allow small delays in paying for a purchase.
2   Harness the power of a default option; for example, crediting a customer with 100 free phone calls.
3   Don't overwhelm consumers with choice; for example, a retailer sold five times more jam by sampling six jam choices compared to 24 varieties.
4   Position your preferred option carefully; for example, a jewellery shop could not sell its turquoise collection despite the efforts of its sales staff and displays, but sold the whole collection by doubling the price to create a quality perception.

## Research phases

The interdisciplinary nature of consumer behaviour has led to two main **research paradigms** or approaches to research consumers. **Positivist research** is quantitative, objective, scientific and emotionally detached. **Interpretivist research** is qualitative, subjective, involved and constructivist. Some scholars combine both approaches into a third research paradigm of mixed methods because qualitative and quantitative methods are useful to gain insights into meaningful experiential consumption.[61]

The positivist paradigm has been dominant since the 1950s because of its reliability and validity features. While anthropology and sociology had used interpretivist research during the 1950s and 1960s,[62] consumer behaviour researchers began to adopt more interpretivist research in the 1980s.[63]

**research paradigm**
A particular research approach, such as positivist or interpretivist research

**positivist research**
Research that is quantitative, objective and emotionally detached

**interpretivist research**
Research that is qualitative, subjective, involved and constructivist

Academic researchers have highlighted six stages of consumer behaviour research:

1   *Early empirical phase (1930 to late 1940s)*. Applied commercial research based on economic theory focused on sales effects of advertising, distribution and promotion decisions of the company.

2   *Motivation research phase (1950s)*. Clinical psychologists with Freudian concepts uncovered consumer motivations through depth interviews, focus groups and projective techniques.

3   *Formative phase (1960 to 1965)*. Marketing consumer behaviour specialists focused on single purchase behaviour constructs such as cognitive dissonance, perceived risk, personality and social character or social class.

4   *Utopian grand theories phase (1966 to early 1970s)*. Researchers attempted to build comprehensive integrated concepts or theories about consumers' pre-purchase decision processes.

5   *Information processing phase (early 1970s to 1980)*. Pragmatic researchers focused on how consumers process and use information in the short term or long term.[64]

6   *Consumer culture theory phase (1980s to present day)*. The push was towards promoting the macro research perspective of consumers as human beings rather than as computers.[65] This resulted in the consumer culture theory (CCT) of focusing on the dynamic consumer–marketplace–culture relationships to produce knowledge on the experiential, ideological, sociocultural and symbolic dimensions of consumer behaviour.[66]

CCT researchers study consumer behaviour through multiple lenses of anthropology, feminist studies, media studies and sociology.[67] Such an approach illuminates consumer behaviour across the buying, using or disposing process, particularly about consumer identity, consumer society structures, marketplace cultures and consumer ideology.[68] Some scholars have even suggested that CCT is a sub-discipline of the multidisciplinary field of consumer behaviour.[69]

## Models of thinking about the consumer

Gordon and Valentine highlighted seven models of thinking about the consumer from the Second World War to the twenty-first century:[70]

1   The **marginalised consumer**. This approach held sway in the seller's market in the post-war years, where sellers produced goods and services without consulting consumers.

2   The **statistical consumer**. This approach was dominant during the buyer's market of the 1950s, where positivist research methods were used to determine what consumers wanted. However, the consumer was profiled objectively in averages and facts—the 'what' and 'how many'.

3   The **secretive consumer**. This approach evolved in the 1960s, when researchers focused on the 'why' of consumers' hidden motivations. This era of motivational research led to interpretivist research techniques borrowed from psychology and psychoanalysis. Researchers in the 1970s through the 1980s also leveraged the disciplines of science, sociology and social anthropology to understand the consumer as a social being.

Researchers included research approaches such as brain science, cultural analysis, ethnography and semiotics.

4    The **sophisticated consumer**. Under this approach, the consumer was seen to be consuming advertising and experiences as well as goods and services. Marketers consulted sophisticated and aware consumers on marketing activities.

5    The **satellite consumer**. During the 1970s and 1980s, marketers developed a brand-centric model to pull consumers to brands—brand repertoire, brand positioning, brand equity and brand personality. The brand was considered a planet while the consumer was regarded as a moon drawn towards the planet.

6    The **multi-headed consumer**. This model of thinking considered the different 'need states' of the consumer, depending on the context of the environment, the situation, external factors and emotional needs. The consumer has repertoire behaviour or multi-wants; for example, ordering a beer in a pub one day and wine in the same pub another day, depending on the social company, the occasion, the weather and the atmosphere.

7    The **mutable consumer**. The twenty-first-century consumer is described as a thinking person who dynamically constructs multiple identities continually over time and space. Hence, a consumer could play the role of a cook or Santa Claus in different situations; or be a family member, 'couch potato' and internet surfer on other occasions. These are ever-changing 'moments of identity'.

This book's proposed definition of consumer behaviour as a situational phenomenon supports the thinking of the consumer as multi-headed and mutable. The Volkswagen 'Welcome to the Family' television commercial tries to capture the mutable consumer by showing some parents as sons and daughters, siblings, family drivers, cricket players and birthday celebrators (see Figure 1.8).



**FIGURE 1.8**
Volkswagen and multiple identities

## Micro and macro consumer behaviour

Research paradigms from interdisciplinary concepts have also led to a debate on whether the field should focus on micro or macro consumer behaviour. **Micro consumer behaviour**

**micro consumer behaviour**
Research that focuses on the effects of marketing on individual purchase behaviour, rather than the societal impact of such behaviour

**macro consumer behaviour**
Research that focuses on the social effects of marketing activities and buying on culture and societal well-being, rather than on individual purchase behaviour

focuses on the individual's purchase behaviour of buying, using or disposing, while **macro consumer behaviour** considers the impact of consumer behaviour on society.[71] Macro consumer behaviour is analogous to the societal marketing concept, where marketers need to consider long-term societal impact of marketing rather than focus only on satisfying consumer needs.[72]

The earlier research phases in consumer research tended to focus on micro issues of sales effects of the marketing mix, consumer motivations, single purchase behaviour, pre-purchase decisions and consumer decision-making processing. It does not mean that such micro focus should stop. It is just that there is life beyond consumption, hence macro consumer behaviour relates to human behaviour as a whole.[73] See Table 1.4 on the distinctions between micro and macro consumer behaviour.

**TABLE 1.4**
Micro and macro consumer behaviour

| SPECIFICATIONS | MICRO CONSUMER BEHAVIOUR | MACRO CONSUMER BEHAVIOUR |
|---|---|---|
| Focus | Focus on individual consumer: effects of marketing mix on consumers' purchase behaviours | Focus on social impact: effects of marketing activities and buying on culture and well-being |
| Dependent variables | Buying choices | Individual, interpersonal and cultural effects |
| Independent variables | Marketing variables and individual differences | Marketing variables and consumer choices |

Table 1.5 captures the thoughts of Russell Belk, a strong advocate on macro consumer behaviour research who has raised many issues on the personal, interpersonal and cultural effects of consumer acquisition, usage and disposal.[74]

**TABLE 1.5**
Macro consumer behaviour: what it entails

| | ACQUISITION | USAGE | DISPOSAL |
|---|---|---|---|
| Personal focus | • Relationship between consumption and well-being<br>• Trade-offs between tangibles and experiences | • Consumption objects as status symbols<br>• Preference for tangibles and intangibles | • Ability and 'security blanket' of goods<br>• Conspicuous waste of prior generations |
| Interpersonal focus | • Motivation for irrational gift giving<br>• How organ transplant affects self-image | • Sharing as a natural inclination<br>• Shared consumption of rituals (e.g. Santa Claus) | • Identity preservation and wills<br>• Withdrawing of goods and attitudes |
| Cultural focus | • How consumer culture affects China<br>• Advertising effect on cultural values | • Shared consumption of symbols (e.g. Statue of Liberty)<br>• Media portrayals of consumption | • Flea markets or garage sales and sense of charity<br>• 'Kleenex culture' or junk as collectible |

The **Kleenex culture**[75] of throwing things away has had tremendous societal impact. Garbage from food, paper, plastic, glass and metal contribute to the 1.2 billion tonnes of global waste.[76] The 'Great Pacific Garbage Patch' (see Figure 1.9), which pulls garbage from Asia, North America and Hawaii, has increased 100 times since the 1970s and poses other problems, such as increased insects that eat away food sources of fish, 9 per cent of which also have plastic in their stomach.[77] The resultant action is a ban on plastic bags and Styrofoam in many Californian stores.

**Kleenex culture**
The culture of throwing things away



**FIGURE 1.9**
A sample of water from the Great Pacific Garbage Patch

Other countries are also attempting to reduce the reliance on single-use plastic shopping bags. The plastic bag litter in Ireland dropped from 5 per cent to 0.32 per cent after the introduction of a plastic bag levy in 2002 and the use of plastic bags in Wales decreased by up to 96 per cent after a levy of 5 pence per bag.[78] After lobbying by the Surfers Against Sewage group through its 'Break the Bag Habit', the British government will introduce a 5 pence levy in October 2015 on single-use plastic bags.[79] In South Australia, there is a ban on 'checkout-style plastic bags'.[80]

Aldi supermarket, which started in Germany in 1913 and now has 300 stores in Australia, prides itself on its plastic bag policy:

> We have championed a number of environmental initiatives over the years, but we are particularly proud of our plastic bag policy. Since opening our first store in 2001 we have never stocked single-use plastic bags and remain the only major grocery retailer in Australia who does not offer free plastic bags across all stores. We encourage our customers to bring their own shopping bags, or alternatively they can purchase durable shopping bags which can be reused time and time again.[81]

In summary, this section has explored how marketers and academics have researched consumers. There is cumulative learning of research conducted by global advertising experts, research companies, marketing leaders and scholars. We understand consumers better because we have borrowed from disciplines such as anthropology, economics, neuroscience, psychology and sociology. We measure and/or interpret empirical evidence collected from consumers and have various models of thinking about the consumer. We have researched the micro dimensions of consumers' motivations, decision process and purchase behaviour as well as the macro impact of consumer behaviour on society. The next section looks at how consumers make decisions.

CONSUMER
BEHAVIOUR
IN ACTION

## GOT MILK?

Milk consumption in California had declined for 15 years from the 1970s to early 1990s, even with advertising that 'Milk does a body good'. Consumers were aware of the benefits of daily milk consumption, including nutrition, health and calcium.

However, youths considered milk to be boring and dull when compared with the active lifestyle projected by brands of beverages and soft drinks. Unlike the bulky milk packaging, competitive beverages were more conveniently and innovatively packaged in different forms, shapes, sizes and colours. Hence, youths were consuming soft drinks in different situations and places.

Creative advertising also helped competitive beverages. Mountain Dew's 'Do the Dew' campaign projected the brand as more potent than ultra-dangerous feats. Gatorade featured basketball celebrity Michael Jordan, with the tag 'Be like Mike'. Sprite appealed to playful cynicism, using rap artists to convey hip-hop culture in its 'Obey your thirst' campaign.

The California Milk Processor Board (CMPB) took action in 1993. The largest milk producers contributed three cents per gallon to fund the yearly advertising budget of US$23 million. CMPB targeted the existing 70 per cent of Californians who were frequent milk consumers to get them to drink more milk at home.

Working on an initial strategy that milk complements brownies, cookies or sandwiches, research showed that consumers were upset if there was no milk at home. Thus emerged an emotional deprivation advertising appeal. The expression of this milk-deprived moment became 'Got milk?'.

The first television commercial featured a history buff whose correct answer to a radio contest question was unintelligible to the DJ—all because the history buff had no milk to wash down the peanut butter sandwich in his mouth. The commercial won the advertising 'Oscar' at the 1994 Clio Awards.

Milk sales increased by 15 million gallons in 1994. A second television commercial featured an obnoxious yuppie in Hell, where milk cartons were empty. Milk was then seen as 'cool'. Another entertaining commercial later depicted a fictional 'Town without milk'. 'Got milk?' messages also appeared on billboards, bus stops, shopping floors and stickers on bananas (which were popular with cereals).[82]
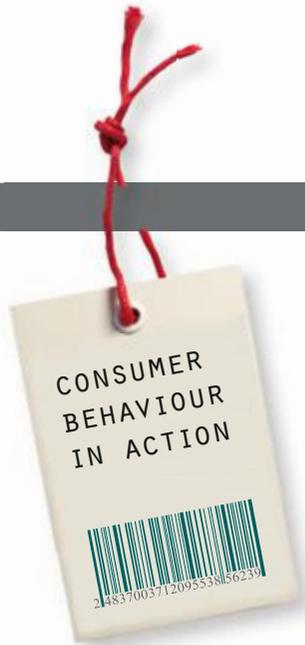
Jeff Manning, who was the then Executive Director of CMPB, shared his lessons from the successful 'Got milk?' campaign:

1   *Seek strategic partners.* 'Got milk' appeared on Nestlé Nesquik box tops, Nabisco cookies and Dole bananas. There was also co-branding with Barbie Doll, Girl Scouts of America and *Sesame Street*'s Cookie Monster.
2   *Address changing trends.* When foods and beverages were calcium-fortified, the 'Got milk?' campaign leveraged current events and medical research to reinforce milk's calcium benefits.
3   *Target ethnic markets wisely.* For example, the large Hispanic segment did not think that the milk deprivation situation was funny; in fact 'Got milk?' in translation came off as 'Are you lactating?' Hence, CMPB focused on milk-based recipes and cooking, which appealed culturally to Hispanics.
4   *Leverage strategic publicity.* Use the news media proactively to write about new executions of the advertisements. News media also picked up stories on the successful Hispanic strategy.
5   *Create association assets.* CMPB licensed the 'Got milk?' trademark and campaign in 1997 to dairy organisations around the country. The famous mnemonic milk-moustache campaign emerged from this association (see Figure 1.10).
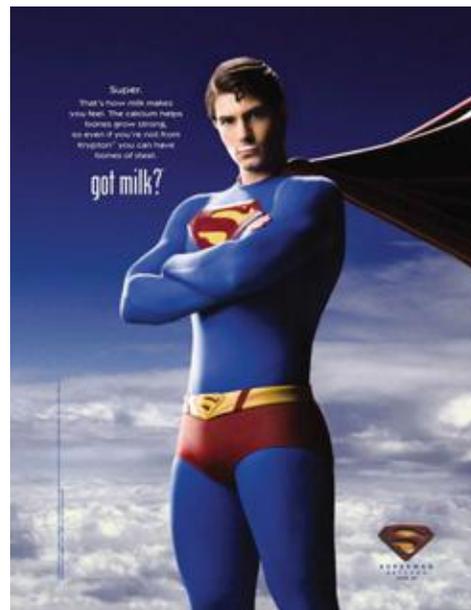


**FIGURE 1.10**
Celebrity milk-moustache advertisement

## HOW CONSUMERS DECIDE

You are bombarded daily with marketing activities from the private, public and non-profit sectors to support their goods, services and ideas. How do you decide when faced with a diversity of messages from advertising, online blogs, product reviews, word-of-mouth

recommendations, online offers and store displays? While Chapter 10 explores the consumer decision models in greater detail, this section provides another perspective on the decision-making process, buying process roles and the simultaneous roles of consumers.

## Consumer decision-making process

Positivist researchers theorise that consumers act rationally in a complex linear way:[83]
*Problem recognition*
   *>Information search*
      *>Alternative evaluation*
         *>Choice (or purchase decision)*
            *>Outcome evaluation (or post-purchase behaviour)*
Consider this process in your life.

1   On what occasions did you go through the five-step process from beginning to the end? Perhaps you needed a car, searched information on cars through friends and other sources, evaluated selected cars against your criteria, decided on your car and then evaluated whether you had made the right decision. Or did you stop at alternative evaluation, thereby completing only the first three steps?

2   Did you need a holiday, decide immediately to return to your favourite holiday destination (a search of your memory, perhaps) and then share your satisfaction after your choice? You would then not have gone through the five steps of the decision-making process.

3   Have you recognised a problem (for example, replacing your printer cartridge or designer bag) and gone directly to choice, without outcome evaluation because you are already familiar with the product category?

4   Maybe you were in a supermarket and bought potato chips on special, even though the item was not on your shopping list. With your impulse purchase, you would have skipped several steps of the decision-making process.

The above scenarios show that the traditional cognitive decision-making process does not apply in all situations for all product categories. It generally applies when you have to buy something very important and consider the financial, personal and social risks.[84] In most cases, however, there are emotional, personal and situational factors for first-time and repeat purchases where the traditional decision-making model does not apply. Hence, interpretivist researchers advocate a subjective situational approach to consumer decision making.[85]

Discuss how consumers make decisions.

One interpretivist scholar suggested a simple approach:
*Stimulus of a situation or object*
   *>Person receives stimulus*
      *>Person acts.[86]*

From an industry perspective, consulting firm McKinsey has advocated moving away from the 'funnel' process of awareness–familiarity–consideration–purchase–loyalty. Based on research of 20,000 consumers in three continents, McKinsey recommends a circular rather than a linear process covering brand consideration, evaluation, purchase

and post-purchase. Consumers consider brands that they are familiar with; they then actively seek internet reviews and word-of-mouth recommendations of family and friends before purchasing; and then become active loyal consumers or passive loyalists.[87]

## Buying process roles

Similar to the linear positivist process of consumer decision making, there is also the buying process where consumers may play roles of initiator, influencer, decider, buyer and user[88] (see Chapter 10 for more details). The initiator suggests buying a good or service; the influencer has some authority to influence the process; the decider determines whether/what/where/when/how to buy; the buyer does the actual purchase; and the user consumes the purchased good, service or experience. Some authors also include the gatekeeper role for keeping the information flow.

The buying process roles also overlap the traditional decision-making model; for example, the initiator would be similar to the problem recognition stage. See Table 1.6 for comparison between the two theories.

| DECISION-MAKING MODEL | Problem recognition | Information search | Evaluation | Choice | Outcome evaluation |
|---|---|---|---|---|---|
| BUYING PROCESS ROLES | Initiator | Influencer | Decider | Buyer | User |

**TABLE 1.6**
Comparing the decision-making model and buying process roles

Let's apply the buying process roles against the consumer goods and services categories (described in the section on the private sector) to see if you have to go through all the stages for different purchase categories. As a variation in this chapter, the gatekeeper role is subsumed under influencer. There are many possible scenarios but Table 1.7 offers one scenario for a single person.

| ROLES/ CATEGORIES | INITIATOR | INFLUENCER | DECIDER | BUYER | USER |
|---|---|---|---|---|---|
| FMCG (e.g. margarine) | — | — | You decide on a repeat purchase. | You buy. | You use. |
| Services (e.g. cinema) | — | — | You decide after reading film reviews. | You buy. | You use. |
| Durables (e.g. laptop) | You need a new laptop. | You consult an expert. | You decide. | You buy (or do not buy). | You use (or do not use). |
| Specialty goods (e.g. diamonds) | A friend wants to buy for his girlfriend. | You have no knowledge to influence. | Your friend decides. | Your friend and girlfriend buy. | Your friend's girlfriend uses. |
| Unsought services (for example, niche for funerary ashes) | Your aged single mum raises idea. | You consult someone. | You and your mum decide. | You and your mum buy (or do not buy). | Your mum uses (or does not use) when she dies. |

**TABLE 1.7**
Buying process for a single person

Hence, for repeat purchase of FMCG goods such as margarine, you may simply decide, buy and use. If you are buying margarine for the first time, someone who knows more about which brand to buy may influence you. If you go to the cinema on your own, the buying process could also be decide–buy–use.

Buying a durable product or specialty item could involve the whole process, with the influencer and decider stages taking a longer time when the product is higher priced or may have safety risks. Depending on your situation, an unsought service may not be a priority and hence you do not decide, buy or use. The scenario above also demonstrates that the buying process depends on situations, goods and services.

## Simultaneous roles

Our broad roles in macro consumer behaviour do not just focus on buying, using or disposing goods and services. As a mutable consumer, you have other roles besides being a student or an employee. Your other roles could include being a son or daughter, a sibling, an uncle or auntie, a keep-fit enthusiast, a keen photographer, a blogger, a Facebook fan, a coordinator in your social network and a community council member. Your roles would change at different stages of your life cycle; for example, you could be a parent, a manager and a homeowner, too. Hence, your various roles would influence the decision-making and buying processes.

Two theories can help to explain our roles and behaviours: the role theory of concepts (such as role taking, conflict, conformity and consensus)[89] and the theory of consumer dimensions.[90] These are now looked at in more detail.

## ROLE THEORY

The role theory explores role taking, consensus, conformity and conflict.

## Role taking

This **role-taking concept** suggests that we take on roles as part of social interaction and a means for self-development. Role takers expect others to have matching attributes such as altruism, empathy, transparency and leadership. This explains why consumers have multiple roles and connect more with certain relevant messages of goods, services, ideas and experiences.

## Consensus

This **consensus concept** theorises that cohesive, longer-lasting groups with shared norms tend to agree on expectations of diverse members. This is also known as normative consensus. There is also **preferential consensus**, where there are similar attitudes, common stimuli and equitable social status. Such groups tend to meet regularly over coffee or a meal, or perhaps travel together.

---

**role-taking concept**
A role theory that suggests that we take on roles as part of social interaction and a means for self-development

**conformity concept**
A role theory that is about social imitation, where there is compliance to some expectation

**preferential consensus**
A role theory that suggests that groups share similar attitudes, common stimuli and equitable social status; such groups tend to meet regularly over coffee or a meal, or travel together

## Conformity

This **conformity concept** is about social imitation, where there is compliance to some expectation. There is **instrumental conformity**, where people conform to avoid sanction for non-compliance from someone with more authority. There is also **internalised conformity**, when people feel it is right to accept the norms of others. This explains why some people are influenced by peer pressure and may have the same tattoo, body piercing or coloured hair.

## Conflict

This **conflict concept** implies incompatible expectations against personal norms and skills, which lead to stress, negotiations, conflict resolutions, adjustments to behaviour or viewpoint, and compromise or withdrawal from some roles. There could be conflict between domestic and professional roles, particularly for women. There also could be **role overload** with too many roles and expectations. This explains why some consumers cope with stress through positive thinking, music, reading, smoking or drinking.[91]

## CONSUMER DIMENSIONS

In 2013, consulting firm Accenture surveyed 600 corporate executives and 10,000 consumers in ten countries to gain insights into changing consumer behaviours. Accenture identified ten consumer dimensions under the broad themes of consumers as networked, co-productive and cooperative:[92]

1  **Connected consumers**, who constantly check emails and use the internet.
2  **Social consumers**, who use social media to connect with family, friends, companies and institutions.
3  **Co-productive consumers**, who provide feedback and co-design products for companies.
4  **Individual consumers**, who prefer customised offerings to express individual uniqueness and personality.
5  **Experiential consumers**, who also seek non-digital experiences such as live events and travelling.
6  **Resourceful consumers**, who engage in online auctions, selling to online communities and buying used goods online.
7  **Disconnected consumers**, who choose certain periods to disconnect from the digital world.
8  **Communal consumers**, who value social causes.
9  **Conscientious consumers**, who make their own things, buy locally, consider the environment and give away unneeded purchases.
10 **Minimalist consumers**, who reuse goods, buy second-hand products and participate in car-sharing schemes.

**consensus concept**
A role theory that theorises that cohesive, longer-lasting groups with shared norms tend to agree on expectations of diverse members (also known as normative consensus)

**instrumental conformity**
A role theory of conformity that suggests that people conform to avoid sanction for non-compliance from someone with more authority

**internalised conformity**
A role theory of conformity that suggests that people feel it is right to accept the norms of others

**conflict concept**
A role theory that implies incompatible expectations against personal norms and skills, which lead to stress, negotiations, conflict resolutions, adjustments to behaviour or viewpoint and compromise or withdrawal from some roles

**role overload**
A role theory that suggests that some people overload with too many roles and expectations

This section explored the decision-making process, the buying process roles and the simultaneous roles played by consumers. Positivist researchers state that the traditional decision-making process is rational and linear, but interpretivist researchers advocate for a simpler situational process. Practitioners are also moving away from the traditional funnelling concept of decision making to a simple circular process of connection, evaluation and post-purchase loyalty. Just like the traditional decision-making process, the buying process is linear but should be contextual, depending on many variables such as individuals, groups, situations and cultures. The role theory concepts also explain how consumers behave in different contexts. The perspectives of consumer dimensions reinforce the concept of many situational roles in consumer behaviour. The next section looks at impact on consumers.

## KLEENEX AND EMOTIONAL RELEASE

Kleenex has been a part of consumers' lives since 1924, when it was launched as a make-up remover. Kleenex made life better for consumers by giving them control of situations involving spit, sweat and tears. However, sales began to decline in the early 2000s after decades of success.

The reason? Consumers had taken the brand for granted. Kleenex had to reconnect with consumers emotionally. The advertising idea to release emotions came from a radio show when an army nurse mentioned that she and her colleagues in the operating room had felt better by letting go of bottled-up tears into Kleenex tissues.

The campaign idea in 2007 was expressed as 'Let it out'. Advertising showed people telling their stories and releasing their emotions in different ways. The 'Let it out' message appeared on television and radio, at live events, in theatres and on website videos. Various news media featured the campaign, such as talk shows, print media, blogs, brand communities and message boards.

The feel-good campaign even increased quality perceptions when there was no actual product improvement. Sales increased by US$50 million. The campaign by advertising agency JWT won many advertising awards, including the 2008 Effie Gold Awards in the household products and supplies category.[93]

**FIGURE 1.11**
Kleenex 'Let it out' campaign
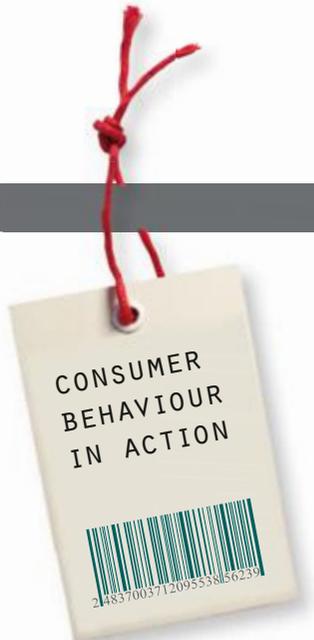
## IMPACT ON CONSUMERS

There is obviously an information overload with messages from the private, public and non-profit sectors reaching out to consumers. One media source estimates that an American adult is exposed to about 600 advertisements daily through the television, newspaper, radio, magazine and the internet, but that only about ten messages may have an impact on the adult.[94] Add the barrage of news media, online blogs and social media and you can reach an information overdose. This section looks at the positive benefits as well as the undesirable impact of consumer decisions in the face of marketing from the three sectors, and particularly from the private sector.

Debate how marketing activities impact consumers.

### Positive side

Technology has helped consumers to be more computer literate, tech-savvy and more informed compared with previous generations. For example, thousands of global consumers can now learn from famous universities through the free massive open online course system (MOOC).[95]

Technology has also influenced trends in consumer behaviour. Examples include:

1   *Mobile applications (apps).* Apple has over a million apps for the iPhone, iPad and iPod touch. Popular apps are for messaging, socialising, productivity and utilities. It is estimated that by 2016, about 95 per cent of mobile apps will be free.[96] You or someone you know may be involved in co-producing a mobile app.

2   *Online banking.* This has increased in developed markets. One US report indicated that 53 per cent of banking transactions are now made online.[97] It is so much more convenient to pay bills through your bank account and to transfer money across accounts while you are online. Citibank has introduced an online security device that provides one-time PIN for online transactions.[98]

3   *Online fashion shopping.* Australian online shopping is predicted to grow by 14 per cent to $27 billion, with more online retailers entering the market, more current online retailers improving their products and services, more manufacturers selling online direct to consumers and more consumers searching and buying clothing, footwear, jewellery and fashion accessories through their mobile devices.[99]

4   *Online grocery shopping.* Grocery shopping online in the UK is expected to double in five years from its current 5–6 per cent.[100] While 52 per cent of UK consumers have purchased groceries online, only 35 per cent of Australians have done so.[101]

5   *Self-service in supermarkets.* Woolworths Australia has introduced self-checkout technology in more than 10 per cent of its stores nationwide, with one Melbourne store reporting that over 50 per cent of its customers use the service.[102]

6   *Airline self-service check-in.* Check-in has been made easier for travellers. A World Passenger Self-Service Survey revealed that 85 per cent of passengers in Atlanta, USA, used self-service check-in through the internet, mobile phones and self-service kiosks.[103]

7   *Online research and consumer engagement*. Marketers are also using the internet more to obtain consumer feedback. For example, 'My Hungry Jack's Experience' enables consumers to indicate their satisfaction and then provides a code for a free cheeseburger at the end of the survey.[104] Procter & Gamble has a Vocalpoint website for women to share their consumer stories or provide feedback and then gain access to free samples or promotions.[105]

8   *Contactless credit card payments*. There are now Visa payWave and MasterCard PayPass credit cards (see Figure 1.12) where you simply wave your card above a transaction device for purchases below $100. You do not have to swipe your card, enter your PIN or sign a slip of paper for such transactions. For transactions above $100, you have to enter your PIN or sign for extra security.[106]

There are also other positives from the marketing efforts of the private sector:

1   Popular dance shows such as *So You Think You Can Dance* and *Dancing with the Stars* have not only entertained millions of consumers but also motivated them to take up dance classes.[107]

2   Cooking shows such as *MasterChef* and *My Kitchen Rules* have triggered more interest in healthy eating and home cooking, with consumers buying ingredients, cookbooks and kitchenware featured on the shows.[108] Even children have benefited from the *Junior MasterChef*, helping them to have a positive attitude towards cooking and improving their knowledge of ingredients.[109] In Britain, weekly home baking jumped from 33 per cent in 2011 to 60 per cent in 2013 because of the *Great British Bake Off* talent show.[110]

3   *The Biggest Loser* reality show has also pumped up consumer spending on gym training, dietary supplements and weight loss services in Australia.[111]

**FIGURE 1.12**
Visa payWave and
MasterCard PayPass
credit cards

## Negative side

The marketing onslaught and consumer decisions have created undesirable consumer behaviours, such as obesity (you may also wish to read up on eating disorders), credit card debts, credit card fraud, identity fraud, internet addiction, shoplifting, gambling addiction (also social media addiction), drug addiction, alcohol addiction and one-punch violence.

### Obesity

The World Health Organization reports that obesity has doubled since 1980, with 500 million men and women being obese and 1.4 billion being overweight. The problem is caused by physical inactivity and intake of high-fat and high-sugar foods. Diabetes and heart disease are linked to overweight and obesity.[112] Tackling overweight, obesity, diabetes and heart disease could cost the world $30 billion in the next two decades.[113] Research has shown that public service advertising does influence children's nutritional habits,[114] but the public or non-profit sector spends much less than the private sector to make an impact on reducing obesity.

### Credit card debts

The total credit card debt in the USA in 2012 was close to US$800 billion. The debt per household was about US$16,000. About 26 per cent of consumers said that their debt had increased over the previous year.[115] Australian consumers owe about A$50 billion in credit card debt.[116]

### Credit card fraud

Losses from credit, debit and prepaid cards amounted to over US$11 billion globally in 2012, an increase of about 15 per cent over 2011.[117] Fraudsters work in various ways, such as card skimming of information from the magnetic stripe, hacking into card accounts, producing counterfeit cards, card theft, fraudulent application and **phishing**.[118]

**phishing**
False emails that trick consumers into revealing their credit card information

### Identity fraud

Fraudsters steal personal information to obtain credit cards, open bank accounts, apply for a passport, start an illegal business or commit a serious crime.[119] The Microsoft Computing Safety Index, a survey of 10,000 adults in twenty countries, revealed that 15 per cent of respondents had been victims of phishing, where someone had stolen their personal details for financial fraud. The report also stated that the global cost of phishing, recovering from identity theft and repairing one's professional reputation could be as high as US$10 billion.[120]

### Internet addiction

Some consumers use the internet to download or swap pornography, participate in casual cybersex, engage in online dating, play games, gamble, trade shares or shop excessively.[121] Young Australian consumers now spend 2.5 hours online daily compared with 1.9 hours

in 2008.[122] A research study of 278 teenagers (studying in Years 7–9) found that there are addicted, heavy and light users of the internet for information search, opinion exchange, social networking and self-development.[123]

### Shoplifting

The Global Retail Theft Barometer for 2012–13 reported that retailers lost US$112 billion from shoplifting, employee theft or supplier fraud. The losses came from 160,000 stores of 157 companies in sixteen countries. The thefts covered accessories, allergy treatments, Apple products, electronic games, footwear, jeans, lingerie, milk formula and mobile devices.[124] Australian stores in 2011 lost A$7.5 billion from shoplifting of baby food, batteries, cosmetics, pet care products, petrol, razor blades and toothpaste.[125]

### Gambling addiction

Gambling online and in casinos is also a problem for some people who are not able to limit their money and time. It is an issue that could affect the persons involved, their families, friends and employers, medical practitioners, the community and the government. It is estimated that while 2.5 per cent of Australians are moderate to severe gamblers, the ripple effect means that up to five million Australians feel the financial, health and social impact of the addiction.[126]

### Drug addiction

Cannabis, cocaine, ecstasy, heroin, methamphetamine, opium and new psychoactive substance (NPS) abuse pose a problem globally. The 2013 World Drug Report expressed concern that NPS has grown by 50 per cent between 2009 and 2012, largely because it is sold openly and online as low-risk fun under names such as 'bath salts', 'meow-meow' and 'spice'.[127] A research of electronic and conference databases found that public service advertising had limited effect on the respondents' intention to use illicit drug or usage levels.[128]

### Alcohol addiction

Alcohol addiction is a global problem, with 2.5 million people reported to have died from alcohol abuse. Such an addiction often leads to workplace absenteeism, child abuse, traffic accidents and violence.[129] Alcohol intoxication has led to ninety deaths in Australia since 2000 through one-punch assaults.[130]

### One-punch violence

In 2014, the New South Wales state government in Australia announced tough measures to combat fatal assaults by people under the influence of alcohol and drugs. The tough measures include sentencing the guilty attackers to a minimum of eight years in jail; time restrictions on serving alcohol in bars and clubs; and police power to test suspected alcohol and drug offenders.[131] See Figure 1.13 on a 'One Punch Can Kill' campaign started by the
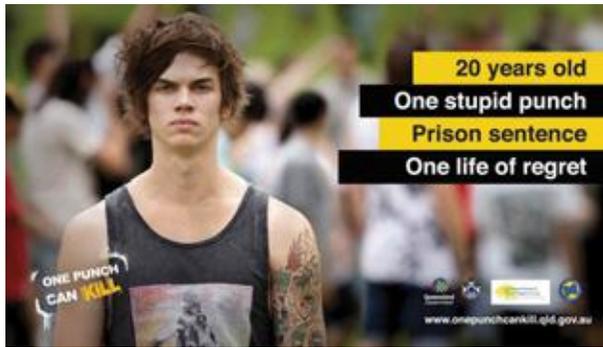
**FIGURE 1.13**
Advertising on 'One Punch Can Kill'

state of Queensland, Australia in 2007 after alcohol-fuelled violence caused the death of a teenager.

This section has highlighted marketing's positive and negative impact on consumers. On the positive side, technology has enabled consumers to be more computer literate, more tech-savvy, more informed, more apps-driven, more efficient with online banking, shopping, airline check-ins or credit card payments, and more engaged with leisure and physical activities because of reality television shows. On the negative side, there are issues of obesity, credit card debts and fraud, identity fraud, internet addiction, shoplifting, gambling, drug, alcohol and fatal one-punch violence. The next chapter looks at how you can study this complex world of consumer behaviour.

## CANCER AND BIRTHDAYS

The American Cancer Society (ACS) has a slogan that reads 'The official sponsor of birthdays'. Its website has an appeal to 'Save the birthdays' from cancer.[133]

The birthday proposition emerged after 2007 when the 100-year-old ACS discovered a problem. The target audience did not really understand the value of the not-for-profit sector. This affected donations and volunteers.

ACS wanted women to understand that the organisation saves lives. A life saved means a birthday celebrated. The big idea was to celebrate a world of more birthdays. About 6000 staff and three million volunteers served as brand ambassadors to spread the message. ACS launched the campaign in 2009 through national advertising, social media, e-marketing, bloggers and a 'more birthdays' website, as well as an online community.

ACS teamed up with the Culinary Institute of America to launch a healthy birthday cake contest (see Figure 1.14). Hundreds of women downloaded the winning recipe. The whole campaign generated billions of social media impressions and 300 million media impressions. The campaign won the Public Relations Society of America Silver Anvil award in 2010.[134]

CONSUMER BEHAVIOUR IN ACTION

**FIGURE 1.14**
American Cancer
Society and birthdays



## CONSUMER BEHAVIOUR FRAMEWORK

Discuss an appropriate
framework to study
consumer behaviour.

What is a suitable framework to study consumer behaviour? Various books have different models of studying consumer behaviour. Since this book is about consumer behaviour in action, our framework is adapted from Belk's model of personal, interpersonal and cultural effects to convey key theories, applications and research studies on micro and macro consumer behaviour (see Figure 1.15).

**FIGURE 1.15**
Framework to study
consumer behaviour



Personal effects
C5 Needs and motivation
C6 Personality and self-concept
C7 Perception
C8 Learning and involvement
C9 Attitudes
C10 Decision making

Interpersonal effects
C3 Social class
C4 Reference groups

CB
C1 Introduction
C12 Conclusion

Cultural effects
C2 Culture
C11 Diffusion and social change
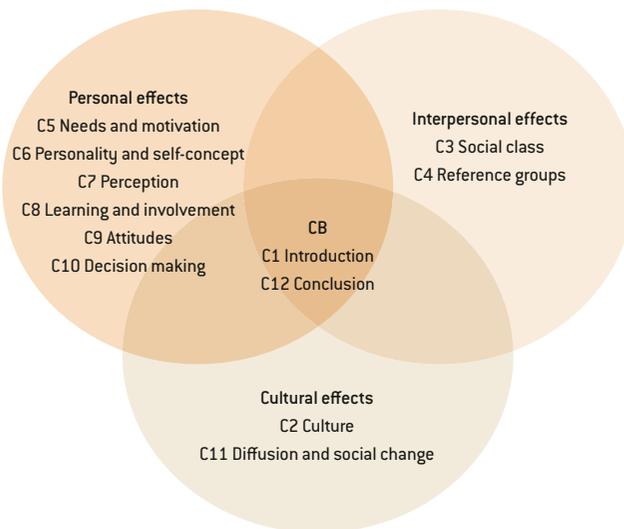
This chapter has introduced key themes that will be expanded upon throughout the text. Chapter 2 focuses on cultural matters; Chapters 3 and 4 elaborate on interpersonal topics of social class and reference groups; and Chapters 5–10 highlight the personal elements of consumer behaviour (i.e. needs and motivation, personality and self-concept, perception, learning and involvement, and attitudes and decision making). Chapter 11 integrates cultural effects through diffusion of innovations and social change. The final chapter synthesises the cultural, interpersonal and personal elements of the preceding chapters. Chapters are listed in a particular circle of the framework but the topics often overlap in theory, research and practice across the personal–interpersonal–cultural elements. See Figure 1.16 for the framework to study consumer behaviour in this book (depicted as CB in the nexus), with the chapters highlighted as C1 to C12.

Here is a brief description of each chapter.

- Chapter 1 (Introduction to Consumer Behaviour) highlights how consumer behaviour is a central part of our lives. Key learning covers consumer behaviour definition, sectors targeting consumers, research on consumers, how consumers decide, impact on consumers and framework for study.
- Chapter 2 (Culture and Consumer Behaviour) highlights the evolving process of culture. You will learn what culture means to you; why culture is an evolving process; how you learn about culture through socialisation, enculturation, acculturation, Coca-colonisation, creolisation, ethnocentrisim and xenophobia; what subcultures you could belong to; how diverse cultures could be different and yet common in Australasia; and how ethnographic research provides insights into culture.
- Chapter 3 (Social Class and Consumer Behaviour) highlights the many manifestations of social class in cultures. You will learn about social class concepts, categories, variables, measurements, symbols and marketing strategies that include fighting producers of fake products and the trend of making prestigious products more affordable.
- Chapter 4 (Reference Groups and Consumer Behaviour) highlights the many social influences on consumer behaviour. You will learn about reference groups, influences of reference groups, types of reference groups, and the influences of associative, aspirational and dissociative reference groups.
- Chapter 5 (Needs, Motivation and Consumer Behaviour) highlights how consumers' interrelated needs motivate them to behave. You will learn about key concepts on needs and motivation, such as basic needs, needs and wants, theories of motivation, interconnections of theories, advertising appeals to connect with consumer motivations, and motivational research to discover latent subconscious motivations.
- Chapter 6 (Consumer Personality and Self-Concept) highlights the theme that personality and self-concept often guide overall consumer behaviour but not specific brand choice. You will learn about important aspects of personality; Freudian, neo-Freudian and trait personality theories; how personality reflects consumers' responses to marketing messages; how consumers use goods and services as part of their self-image; and how marketers create brand personality traits to attract consumers.

- Chapter 7 (Consumer Perception) highlights the theme that information processing and consumer perception are a central part of communicating with consumers. You will learn about the sensory dynamics of perception, the effectiveness and ethics of subliminal perception, the elements of perception and information processing, and the application of perception theory to marketing strategies.
- Chapter 8 (Learning and Consumer Involvement) highlights consumer learning as one of the most common types of consumer behaviour for frequently purchased goods and services. You will learn about the process of learning, how behavioural learning is applied to consumer behaviour, the process of cognitive learning and information processing as applied to strategic influences, the effect of consumer involvement on consumer behaviour, the elements of brand loyalty and brand equity, and how to develop and measure brand loyalty in consumers.
- Chapter 9 (Consumer Attitudes and Attitude Change) highlights attitude formation as a complex process of perceptions, consequences and experiences. You will learn about the different conceptualisations of attitude, the components of attitude, how attitudes are formed and the relationships between attitude and behaviour.
- Chapter 10 (Decision Making and Consumption Experiences) highlights decision making as a process of need recognition, information gathering and decision. You will learn about the classic consumer decision model, the moderating effect of involvement on the decision process and how consumers' past experiences drive expectations and judgement criteria.
- Chapter 11 (Social Change and the Diffusion of Innovations) highlights the networks that affect our knowledge values and behaviours. You will learn about the diffusion process, the social and behavioural influences on diffusion, how networks affect communication flows within a community, and different approaches to modelling the diffusion process.
- Chapter 12 (Conclusion) brings together the many concepts, theories and research on consumers as social beings and individuals discussed throughout the book. You will review key concepts about culture, social class, reference groups, needs and motivation, personality and self-concept, consumer perception, learning and consumer involvement, consumer attitude, decision making, and diffusion of innovation and social change.

## ADAM FERRIER

Adam Ferrier is the chief strategy officer and partner at independent creative media agency Cummins and Partners (2014 Independent Agency of the Year). Adam is a registered psychologist, and began his career working in a maximum security prison, before making the natural move to marketing consultancy, working for Added Value. His clinical psychology doctoral thesis was titled *Identifying the Underlying Constructs of Cool People*, and for a short while he was a global 'cool hunter'. Adam then joined Saatchi & Saatchi as a strategic planner. During this time he invented a board game, *The Analyst*, which was translated into three languages (and is still selling well in the Benelux countries). He then co-founded and sold strategy agency Naked Communications.

Adam is a panellist on television shows such as *Gruen Planet*, and has a weekly national radio show on Triple M; he also writes for *The Australian*. Adam has won most of the world's major advertising awards, including Gold in 2012 at Cannes Lions, the ADMA (Grand Prix) and CommsCon Grand Prix in 2013, the WARC World Prize for innovation, and the prestigious Cannes Chrimera in 2014, awarded by the Bill and Melinda Gates Foundation. Adam tweets @adamferrier.

*How did your career start?*
When I was at school I didn't know what I wanted to do, so I asked the school counsellor. He asked me what I was interested in and I replied 'money and people'. He told me I should become a consumer psychologist. With that insight (he was right—it appealed immediately), I set off to get a masters degree in psychology and a Bachelor of Commerce (marketing). After graduation I got sidetracked into forensic psychology working in the prison system, but then a friend who had become a brand manager for a large FMCG company rang me and suggested I get into marketing. I then joined a brand strategy agency (Added Value), and loved it from day one. At Added Value I was a researcher paid to look for emerging trends and what was cool. This meant travelling around the world trying to spot trends and feed them back to my clients. With a start like that I was hooked to the dark side.

*What advice would you offer a student studying consumer behaviour?*

My first bit of advice would be to supplement your degree with a psychology degree. True, the two disciplines overlap, but being a registered psychologist is a great competitive advantage. The other bit of advice would be to start a brand or a business immediately. Employers are interested in people who marry academic achievement with real-world success; not only that, it gives you a playpen within which to put the academic learning to practice. Many of the people I employ have a track record of trying to do their own thing/build their own brands, as well as having a day job.

More broadly speaking I'd encourage people to use their university years to increase their own personal brand differentiation (who you are and why you are different from and better than those around you). What can you do while at university to ensure you are interesting and stand out from other people? Employers are after proven entrepreneurialism, and the demonstrated ability to think differently or creatively. Think of the degree as the bare minimum you should achieve while studying.

Please note I just got by at university and didn't work on my personal brand or anything like that and still did okay. So if you choose to just cruise by—well, that can work okay too.

*How important are consumer insights to what you do and to your organisation?*

Consumer insights are everything. Whoever best understands the consumer, what they want from brands, and how to best communicate with them will win in business. However, genuine consumer insights are difficult to come by, and people often confuse deep penetrating insights with what's useful. In the world of consumer behaviour context is extremely important, and lots of what we do is about shifting behaviour in context specific situations (i.e. trying to get someone to walk down a certain shopping aisle, or understanding what content people choose to share rather than just consume). People need to celebrate the superficial and useful insight as much as they celebrate the deep and profound.

However, people's careers can get stuck if they just remain in the insights bit of the process. Being able to realise insights and turn them into business building action is where the fun is.

*What is the hardest decision you've had to make to date?*

I can't think of any really hard decisions I've had to make. If a decision is hard to make, then perhaps it wasn't the right decision? Someone once told me no matter what the decision is, think about it for up to 30 minutes and then make a decision. If you think about it for any longer than 30 minutes you're just going over the same information and you'll end up confusing yourself.

*How important is social media to you?*

I have a love—hate relationship with social media. On a business level we believe that all ideas need to, to some extent, be socially propelled. They need to be good enough for one person to want to pass onto another. However, at a personal level I think social media is a little like Big Brother—everyone watching everyone and cutting each other down to size. Further, the data trail we leave in social media, while useful to my 'I'm a marketer side', is terrifying to my 'I believe in civil liberties' side. However, it's here to stay. In short, I see it as an instant amplifier and intensifier of what would have happened anyway. If you don't have your head around social media you're well and truly on the back foot.

*What has been your favourite project to work on?*

I've got two: Coke Zero and the Art Series Hotels. Coke Zero had previously launched with mixed success in the USA, and we worked closely with Coke in Australia to make it one of the most successful new product launches in Australia's history. The scale of the project, and rigour of the thinking that went into every detail, was great to be a part of. I love the Art Series work because, as well as winning many of the world's award shows, I just really like the ideas we developed: 'Steal Banksy', asking people to try to steal a work of art (one of only nine campaigns in the world to win a Gold Cannes Lion and a Gold Effie—the holy grail of advertising) and 'The Overstay Checkout', letting people stay on in their room indefinitely for free if no one else needed their room (winner of the World WARC Innovation Award for 2013). All of these projects had a massive amount of creativity, but were grounded in strong consumer insights.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

There are only two ways to change consumer behaviour. You can either increase motivation to make something happen, or you can make it easier for something to happen. Historically, advertising has been obsessed with increasing motivation for consumers to do whatever is asked of them. However, the rise of technology means that 'ease' is where the unchartered territory is. Technology will make it easier for people to consume, promote or engage with brands. If technology can make it easier to consume or use a brand then people will consume it more often—even if their motivation to use that brand does not increase. Exciting times.

## SUMMARY

This chapter focused on a broad introductory coverage of consumer behaviour. The following is a summary of various concepts under stated learning objectives, with metaphors to help illustrate each learning outcome.

1   Define consumer behaviour.
    Consumer behaviour is like a chameleon, where consumers adapt differently to situations involving goods, services, ideas and experiences. Some definitions specify that consumer behaviour should include the acquiring, using and disposing process. However, there are situations where 'disposing' may not happen due to the nature of the purchase and the habits of the consumer. There are situations where you buy something but do not use the product or you do not buy anything after considering it.

2   Explain the sectors that constantly target consumers.
    The private, public and not-for-profit sectors that target consumers would be like a joint military exercise involving the army, navy and air force. Not-for-profit organisations try to get consumers to support a social cause or decrease consumption such as drugs, a method called de-marketing. The public or government sector provides general services, such as electricity, gas and water, and consumer education or protection services. It also runs public service or social marketing campaigns on, for example, health and lifestyle behaviours. The private sector targets consumers to buy convenience goods, convenience services, durables, specialty goods and unsought services such as funeral planning. The convenience goods and services categories are more frequently purchased and hence outspend other categories in advertising. The private sector is business driven but also develops corporate social responsibility (CSR) initiatives; however, some consumers dislike certain companies based on what they say or do. The three sectors often work together to target consumers more effectively.

3   Describe how the sectors research consumers.
    Marketers and academics are like forensics experts who research consumers in different ways over the decades. They look at both the big and small pictures in every situation, often digging up the past to inform the current situation and predict the next steps. There is cumulative learning of research conducted by global advertising experts, research companies, marketing leaders and scholars. Research is interdisciplinary, with concepts borrowed from anthropology, economics, linguistics, marketing, neuroscience, psychology and sociology. Research involves different research paradigms to study consumer behaviour, primarily the positivist quantitative and interpretivist qualitative approaches. Some research focuses on the micro dimensions of consumers' motivations, decision processes and purchase behaviours. More research is now conducted on various models of thinking about the consumer and the social impact of consumer behaviour (macro consumer behaviour).

4 Discuss how consumers make decisions.

The decision-making process is like a piece of elastic that could be stretched extensively for rational thinking but could return to a normal mode of impulsive or habitual behaviour. The positivist way of thinking is that consumers decide rationally through a structured mode of problem recognition, information search, alternative evaluation, choice and outcome evaluation; or through a buying process of initiator, influencer, decider, buyer and user. Interpretivist researchers advocate a simpler decision-making process, such as stimulus, person acceptance and action. Consumers may adopt the linear decision process for high-price items or purchases with higher financial, personal and social risks. Due to situations and cultures, consumers may behave impulsively or habitually and bypass other levels of decision and buying processes. Practitioners believe consumers decide simply, hence they propose a decision model covering connection, evaluation and post-purchase loyalty. A consumer also plays many roles that could lead to consensus, conformity, conflict, connectedness, co-productiveness and cooperativeness.

5 Debate how marketing activities impact consumers.

The marketing impact on consumers is like a reality television show, which could be good or bad. The marketing practices of companies and the decisions of consumers have led to positive and negative impacts. On the plus side, technology enables consumers to be more computer literate, more tech-savvy, more informed, more apps-driven, more efficient through service and product innovations, and more engaged with leisure and physical activities because of television shows. On the negative side, there are issues of obesity, credit card debts and fraud, identity fraud, addictions to the internet, shoplifting, gambling, drugs and alcohol, and fatal one-punch violence.

6 Discuss an appropriate framework to study consumer behaviour.

The framework to study consumer behaviour is like a country's transport system involving cars, buses and trains. This book approaches the study of consumer behaviour in action by focusing on the personal, interpersonal and cultural effects framework adapted from Belk, an advocate of macro consumer behaviour research. The cultural effects include culture and diffusion of innovation in society. The interpersonal effects highlight social class and reference groups. The personal effects cover needs and motivation, personality, perception, learning and involvement, attitudes and decision making.

## KEY TERMS

behavioural economics

communal consumer

conflict concept

conformity concept

connected consumer

conscientious consumer

consensus concept

consumer behaviour

co-productive consumer

corporate social
   responsibility

de-marketing

deviant consumer

disconnected consumer

experiential consumer

fast-moving consumer goods
   (FMCG)

individual consumer

instrumental conformity

internalised conformity

interpretivist research

Kleenex culture

macro consumer behaviour

marginalised consumer

masochistic behaviour

micro consumer behaviour

minimalist consumer

multi-headed consumer

mutable consumer

non-profit institution

phishing

positivist research

preferential consensus

private sector

public sector

research paradigm

resourceful consumer

role overload

role-taking concept

satellite consumer

secretive consumer

social consumer

sophisticated consumer

statistical consumer

unsought services

## END-OF-CHAPTER QUESTIONS

1  What is a day in your consumer world like?

2  What is your personal definition of consumer behaviour?

3  Which sectors target consumers?

4  How has the industry contributed to research on consumers?

5  What campaigns or services of the not-for-profit sector have you come across?

6  What campaigns or services of the public sector have you come across?

7  Which goods and services categories of the private sector do you buy or use the most often?

8  Which fast-moving consumer goods and services' advertisements have you seen lately?

9  What examples of advertising have you seen that combine the efforts of the private, public and not-for-profit sectors?

10  Which disciplines have influenced the field of consumer behaviour?

11  What are the research paradigms used by consumer behaviour researchers?

12  Distinguish between micro and macro consumer behaviour.

13  What are your views on the 'Kleenex culture' in society?

14  When do you use or not use the traditional decision-making model and the buying process model?

15  What roles do you play in life and how do you manage these?

16  How have you been impacted positively and negatively as a consumer?

17  Why has the book adopted Belk's macro consumer behaviour concepts as a framework to study consumer behaviour?

## FURTHER READING

Bain & Company Insights—

www.bain.com/publications/articles/taking-a-new-consumer-goods-category-from-zero-to-100.aspx

Behaviour articles, *New York Times*—

http://topics.nytimes.com/top/reference/timestopics/subjects/c/consumer_behavior

Harvard Business School, Marketing: Consumer Behaviour—
    http://hbswk.hbs.edu/topics/consumerbehavior.html

Keller Fay Group, The Consumer Conversation Experts—
    www.kellerfay.com

Marketing Science Institute, Marketing Topics: Consumer Behaviour—
    www.msi.org/topics/consumer-behavior

McKinsey on Marketing & Sales, Topic: Consumer Behaviour—
    http://mckinseyonmarketingandsales.com/topics/consumer-behavior

Science Daily: Consumer Behavior News—
    www.sciencedaily.com/news/mind_brain/consumer_behavior

The Consumer Psychologist—
    www.theconsumerpsychologist.com/tag/behaviour-change

This Time it's Personal: From Consumer to Co-creator—
    www.ey.com/Publication/vwLUAssets/This_time_it_is_personal_-_from_consumer_to_
    co-creator_2012/$FILE/Consumer barometer_V9a.pdf

Trend Watching—
    www.trendwatching.com

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International Journal of Consumer Studies—
http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1470-6431

International Journal of Nonprofit and Voluntary Sector Marketing—
http://au.wiley.com/WileyCDA/WileyTitle/productCd-NVSM.html

Journal of Consumer Behavior—
http://onlinelibrary.wiley.com/journal/10.1002/(ISSN)1479-1838

Journal of Consumer Marketing—
www.emeraldinsight.com/journals.htm?issn=0736-3761&show=latest

Journal of Consumer Psychology—
www.sciencedirect.com/science/journal/10577408

Journal of Consumer Research—
www.jstor.org/action/showPublication?journalCode=jconsrese

Journal of Humanistic Psychology—
http://jhp.sagepub.com

Journal of Learning and Motivation—
www.sciencedirect.com/science/journal/00239690

Journal of Personality and Social Psychology—
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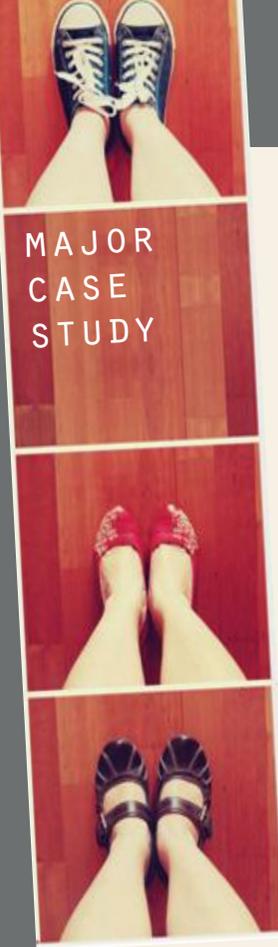
# Target or 'Tar-zhay'?

By Peter Ling, RMIT University

## French chic

The Target Australia department store advertising in 2013 featured global fashion celebrity Gok Wan helping Australian women of all shapes and sizes with their selection of clothes and accessories. He ended up with the statement: 'Target? Uh-uh, Tar-zhay!' This was a play on the word to associate the brand with French chic.

As Target's style ambassador, Briton Gok Wan symbolises both the fun and the stylish ways to dress up affordably for different occasions. Target stores in Australia boldly displayed pictures of the fashion icon with 'Wan Loves' messages everywhere.

Target maximised the 'Wan effect' because of his international reputation as a fashion icon, author and television presenter for *Gok's Style Secrets*, *How to Look Good Naked*, *Gok's Fashion Fix* and *Gok's Clothes Roadshow: Get the Look for Less*.

## Complaints

Not everything went smoothly for Target and Gok Wan. In one of the 2013 advertisements, Gok Wan referred to women's breasts as assets and 'bangers', which can also mean sausages, old cars in poor condition or explosive fireworks. Viewers objected and complained to the Advertising Standards Bureau. Some women did not like to see a homosexual man demeaning Australian women. The Bureau did not object to the advertisement, ruling that it was a positive and light-hearted reflection of Gok Wan's fun personality rather than a denigration of women.

Target has also had its share of consumer complaints over the years. Some consumers complained about its advertising in 2001 when the company used its bullseye logo graphically to transform into different underwear styles. Some viewers complained that it was offensive, but the Advertising Standards Bureau dismissed the complaint.

There were social media complaints in 2012 about Target's mini shorts for young girls, with some mums believing the ultra-short styles were inappropriate for such young girls. Target took the social media feedback seriously for its product decisions and featured more appropriately designed shorts on its website.

When South Australia banned the in-store distribution of plastic bags in 2009 to reduce their environmental impact, Target Australia, which was distributing over 100 million plastic shopping bags yearly nationwide, stopped the practice throughout its stores, introduced compostable

bags and charged 10 cents for each. After receiving 500 consumer complaints every year, Target reinstated the free plastic bags practice in 2013.

## Budget fashion

The Gok Wan campaign was not the first time that Target had associated itself with fashion designers to boost the brand image. In 2007, Target launched the budget collection of British designer Stella McCartney, daughter of Sir Paul McCartney of The Beatles fame. Crowds gathered long before store opening hours and grabbed $80 silk items and $199 trench coats. Some women grabbed everything and spent $3000. Unfortunately, it was an ugly scene of fashion-hungry crowds of women queue-jumping, jostling, ramming and snatching everything in sight. The second launch of the Stella McCartney range in 2010 was more organised.

## Creative ads

Before the Gok Wan association, Target had often produced attention-grabbing advertising. The bullseye logo featured prominently throughout earlier commercials, creatively integrated with products that have circular features, such as basketballs, watches, bicycles, skates, wheelbarrows, teddy bears and perfume (see Figure 1A.1).



Figure 1A.1
Target's use of its bullseye logo in advertising

## Corporate history

Target Australia started in Geelong, Victoria, in 1926 when George Lindsay and Alex McKenzie launched a drapery store. Their retail philosophy was 'half the profit, twice the turnover'. A business group bought the store in 1957 and expanded to fourteen stores around Victoria by 1968. In the same year, Myer Emporium bought the company and changed the name to Lindsay's Target Pty Ltd. The business became Target Australia in 1973. Eventually, the Wesfarmers group bought Target Australia in 2007. Wesfarmers started in Western Australia in 1914 and today also owns Coles, Kmart, Bunnings, Officeworks and Harris Technology. Target now has over 300 stores in Australia.

There has been confusion with Target Australia and Target USA. They are not related, although they use the same name, logo and 'Tar-zhay' nickname in the advertising. Target USA began in Minneapolis, Minnesota, in 1902 when George Draper Dayton created the Dayton Dry Goods Company. In 1962 the Dayton Company launched a new discount store chain that they named Target USA, after considering 200 name suggestions, with a bullseye logo. This was a few years before Target Australia started.

After Target USA had collaborated with cheap-chic designers, *Vogue* rejected its advertising for fear of diminished quality association. Target USA advertising became more appealing with the creative use of its bullseye logo in its advertising as a graphic for dresses, household products and even its Bullseye dog. In 2000, Target USA won the *Advertising Age* Marketer of the Year Award. The 'Tar-zhay' word had already been used then as a tongue-in-cheek way to distinguish Target USA in the discount retailing environment. In 2011, *Vogue* accepted a Target USA 20-page insert as well as its advertising for the magazine's back cover.

Another Target USA achievement is the Bullseye University initiative, which includes tips on dorm living, styling sessions, Target merchandise, a see-and-click easy buying system, multiple sweepstakes, interactive entertainment, geek game night and song requests.

The success of Target USA has also been captured in a 2003 book *On Target: How the World's Hottest Retailer Hit a Bullseye*. The much-loved Bullseye dog became a feature in Madame Tussaud's Wax Museum in 2006. In 2011, Target USA ventured for the first time outside the USA by entering the Canadian market.

## Competition

While Target USA's main competitor is Walmart, Target Australia has a different kind of competition. Although Kmart is a sibling in the Wesfarmers group, it also advertises frequently to grab its share of the budget consumer market. Its upbeat music-driven advertising has communicated 'We make low prices irresistible'. One advertisement showed 1000 mums being surprised at

the really irresistibly low prices and having child-like fun shopping with peers. With 190 stores, Kmart earnings increased by 28 per cent for the period 2012–13 through better diverse product sourcing and in-store marketing.

Big W, owned by Woolworths, has repositioned to shift from lower-profit goods and focus on high-importance product categories. It has used Eric Stonestreet, the actor from *Modern Family*, as brand ambassador to spread the message 'Everyone's a winner with Australia's lowest prices—cha-ching!' Its sales grew by 2 per cent in 2013 with the introduction of celebrity design labels and mobile transactional apps, which were downloaded 500,000 times in 2012–13 and contributed 13 per cent to online sales.

On the other hand, Target's earnings dropped by 44 per cent in 2012–13 due to increased competition and weak sales, despite price discounting. Even though it is a private sector business, Target Australia is winning consumers in other ways. It collaborates with the non-profit sector by sponsoring the Kids Teaching Kids program to help children care for the environment, the Uniting Care Operation Santa Christmas appeal to donate gifts and money to disadvantaged people, and the Alannah & Madeline Foundation through 'Bags for Bags' and 'Buddy Bags' campaigns to support needy and abused children.

In 2014 Target Australia continued to feature Gok Wan helping women to look 'like a million dollars without breaking the bank'. It remains to be seen whether Target Australia will hit the bullseye just like Target USA.

## QUESTIONS

1 Why has Target Australia used Gok Wan for its advertising?
2 How else has Target associated with budget fashion?
3 What roles have Target's consumers played?
4 How is Target Australia related to Target USA?
5 How are Target Australia's competitors appealing to consumers?

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# PART TWO

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# CONSUMERS AS
# SOCIAL BEINGS

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# CULTURE AND CONSUMER BEHAVIOUR

Peter Ling
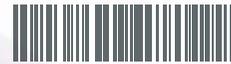
## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1   Describe what culture means to you
2   Explain why culture is an evolving process
3   Differentiate between socialisation, enculturation, acculturation, Coca-colonisation, creolisation, ethnocentricism and xenophobia
4   List the subcultures that you belong to
5   Compare the cultural differences in Australasia and South-East Asia
6   Discuss how ethnographic research provides insights into culture and subculture.

## TECHNO-CULTURE AND PICTURE TAKING

Consumers used to depend solely on professional photographers for their personal and family portraits. Some families still visit photographic studios for the occasional formal portrait to commemorate graduations and wedding events. However, technological developments over the years have opened up picture taking in significant ways.

Initially, lightweight cameras and flash photography exposed more consumers to picture taking. Then, Polaroid's self-developing instant colour films enabled professional and amateur photographers to preview shots for better picture taking. Later, Kodak's disposable camera packs gave hobbyists freedom to point and shoot. In the modern era, slimmer and lighter digital cameras provide instant viewing of pictures taken. Personal computers with picture editing software and colour printers allow users to improve the quality of their images then produce numerous prints for displays in homes and offices.[1]

Tablets and smartphones have also enabled consumers to snap and store hundreds of photographs and share instant pictures of groups or 'selfies' in social media. The 2014 Oscars host, Ellen DeGeneres, tweeted a group photograph of celebrities at the ceremony that

**FIGURE 2.1**
Ellen's Oscar tweet goes viral
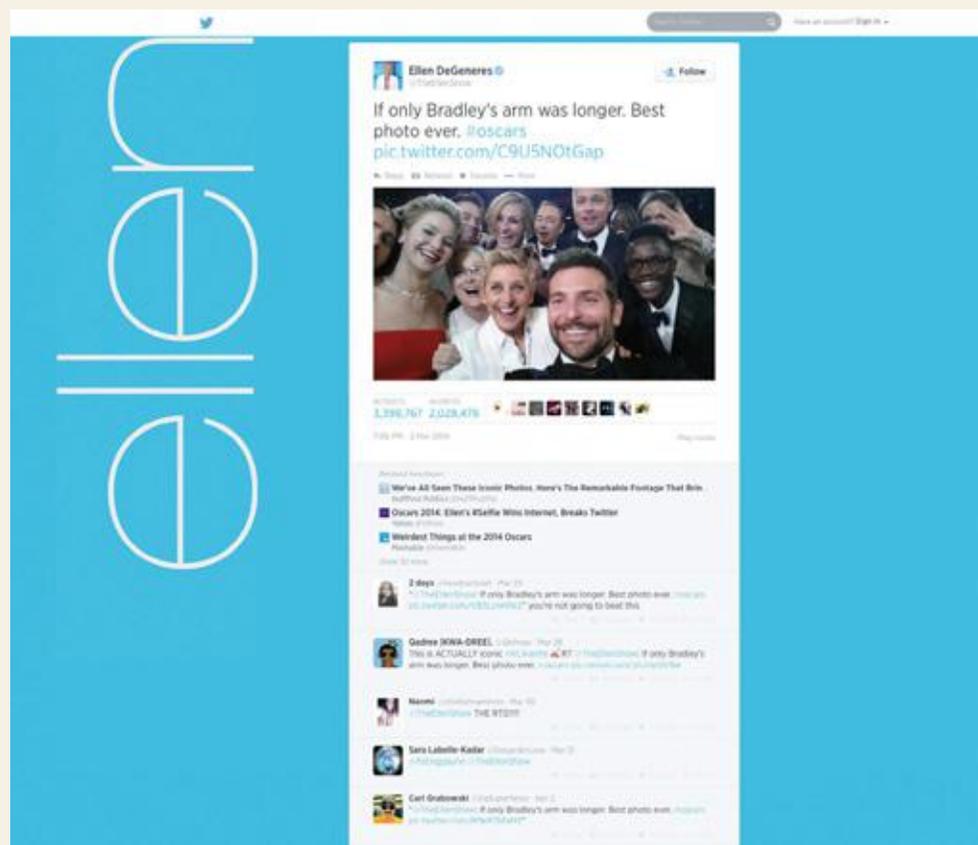
instantly appeared on Twitter, Facebook and Instagram[2] (see Figure 2.1) and was retweeted nearly three million times within hours.

Instagram has provided mobile phone photographers with a fun way to share pictures. Two Stanford graduates founded Instagram with special filters to transform mediocre photographs and share them instantly with friends across multiple platforms.[3]

The use of smartphones for photographs has also affected camera sales. One source reported that there were 146 million units of smartphones compared with 115 million cameras sold in 2012. This means that more consumers are taking photographs on Samsung and Apple smartphones than on Canon and Nikon cameras.[4]

## INTRODUCTION

Technology is a part of culture and has changed the way we take photographs, store them and share them with families and friends. While older people may still look at tactile photo albums to reminisce about cultural experiences, the younger generation would likely look at their smartphones and tablets because of technological change.

So what is culture? Why and how does it evolve? How do you learn about your culture and other cultures? What are the subcultures of culture? Why is culture important to marketers? How do marketers understand more about consumer culture? This chapter will explore answers to these questions.

## WHAT IS CULTURE?

### Definitions

We hear the term 'culture' used in many ways. Abuse culture. Bikie culture. Celebrity culture. Coffee culture. Corporate culture. Drug culture. Emo culture. Fast-food culture. Footy culture. Gay culture. Italian culture. Materialistic culture. Film culture. Music culture. National culture. Pop culture. Print culture. Religious culture. Sport culture. Techno culture. Vending machine culture. Violence culture. Wedding culture. Youth culture.

What does culture actually mean? Type the keywords 'definition of culture' in Google and you will get about 200 million results. Here are six definitions of culture from different textbooks:

A complex concept that includes knowledge, beliefs, art, law, morals, customs and any other capabilities and habits acquired by individuals as members of a society.[5]

The sum total of learned beliefs, values and customs that serve to regulate the consumer behavior of members of a particular society.[6]

Describe what culture means to you.

The values, ethics, rituals, traditions, material objects and services produced or valued by the members of a society.[7]

A set of values, ideas, artifacts and other meaningful symbols that help individuals communicate, interpret and evaluate as members of society.[8]

The complex of learned meanings, values and behavioral patterns that members of a society share.[9]

The typical or expected behaviors, norms and ideas that characterize a group of people.[10]

Which of these definitions fits your concept of culture? Common keywords from the definitions are learned **social habits** (beliefs, customs, rituals, symbols and traditions) and **social values** (behaviour standards, ethics and codes). The social habits and values become a way of life and therefore form our culture. For example, Vegemite yeast spread has become a cultural tradition in Australia since the 1920s (Figure 2.2 shows a Vegemite advertisement from the 1990s).

**social habits**
Beliefs, customs, rituals, symbols and traditions that we acquire from a young age

**social values**
Values such as family, relatives, friendship, religion, health, continuous learning, fairness, trust and so on

## Social habits

Our social habits depend on what we have acquired from a young age. Some of us have inherited rituals from our parents, such as drawing up a shopping list and scrutinising expiry dates or country of origin when buying supermarket products. Chinese culture

**FIGURE 2.2**
Vegemite: part of Australian culture since the 1920s

believes that number 8 and the colour red symbolise luck, hence the Chinese prefer car number plates with '8' or red-coloured clothing. There are religious rituals such as baptism for Christians, leading to shopping and dressing up for such occasions. Australians love to socialise over a backyard barbecue or 'barbie' (see Figure 2.3).



**FIGURE 2.3**
Backyard 'barbie' or barbecue culture in Australia

## Social values

We acquire social or cultural values from parents and those around us. Hence, we may value family, relatives, friendship, religion, health, continuous learning, fairness, trust, thriftiness, transparency and responsibility. Our social values may lead to acceptance of arranged marriages, living together without being married, tolerance of a gay or bisexual culture, respect for single parent culture or admiration of a house-husband culture.

We may also develop a consumer culture of materialism, where physical possessions and comforts are more important than spiritual values (see Chapter 5 on spiritual needs). One researcher theorises that the consumption process leads to consumers' materialistic values.[11]

Two well-known researchers in the field of cultural values are Hofstede and Schwartz. Hofstede derived four national cultural dimensions after testing sixty-three factors

against 116,000 IBM employees across seven occupation groups in forty countries. His four dimensions in 1980 were:[12]

1    **Uncertainty avoidance**—where a society tolerates or rejects an uncertain future.
2    **Power distance**—where a society accepts or rejects distribution of power.
3    **Individualism–collectivism**—where a society has an 'I' or 'we' culture.
4    **Masculinity–femininity**—where a society has a competitive or consensus-oriented culture.

**long-term orientation**
A Hofstede concept where a culture's focus is on either quick results or long-term achievements

**indulgence versus restraint**
A Hofstede concept where a society has either strict or flexible social norms

Hofstede in 1991 added a fifth dimension, **long-term orientation**, where the social value is on either quick results or long-term achievements. This dimension was based on studying values of students in twenty-three countries.[13] The Hofstede Centre includes his sixth cultural dimension, **indulgence versus restraint**, where the society has either strict or flexible social norms.[14]

According to the Hofstede Centre, Singapore, South Korea, Taiwan, Thailand and Vietnam have a slight skew towards the feminine consensus-oriented dimension, while other Asia–Pacific countries demonstrate the masculine competitive dimension. Australia, New Zealand, Bangladesh and the Philippines are short-term oriented while other countries in the region tend to be more long-term oriented.

On the other hand, Schwartz theorised cultural value orientations across three dimensions after mapping seventy-six national cultures in Western European, Latin American, Eastern European, African and Middle Eastern, South Asian and Confucian-influenced groupings. The cultural value orientations are:

1    embeddedness (respect for tradition) versus autonomy (intellectual, affective autonomy)
2    hierarchy (authority) versus egalitarianism (equality, social justice)
3    mastery (ambition) versus harmony (unity).[15]

This quick overview of culture describes culture as learned social habits and values, which vary from country to country. Our cultural social habits and values evolve, as the next section reveals.

## WHY CULTURE CHANGES

As the various culture definitions indicate, learning is fundamental to culture change. We learn unconsciously and consciously even in our mother's womb, according to psychologist Clotaire Rapaille in his book *The Culture Code*:

> [F]or nine months, our mothers provide us with the most perfect 'resort hotel' imaginable. The room service is first-rate and available immediately upon demand, the space is neither too hot nor too cold, transportation is free, and there's even a musical backdrop (her heartbeat) for entertainment. And even though we ultimately must leave this vacation paradise, our mothers are there for us to guide us through the transition, feeding us with their bodies, keeping us coddled and warm, taking us out to see the world, and providing numerous ways for us to occupy our time and delight in the act of learning.[16]

We learn through various means while growing up—socialisation, education, government, employment, media, technology, brands, travel, migration and transitions to ethnocentrism, xenophobia or creolisation—and we now look at these in turn.

## Socialisation

Culture is never static. **Socialisation** is about learning to interact from our youngest years with our parents, siblings, relatives, neighbours and strangers. We learn through our senses what, when, how often and how much to eat. We learn whether to waste or value food. We learn what makes us happy or sad. We learn about bullying or fighting back. We learn to collect Barbie dolls or to hoard comic books. All this is the lifelong process of socialisation.[17] But it is not one-way: Australian research on families revealed that children are also socialisation agents, helping their parents to learn about technology and influencing their parents' purchase intentions of high-tech products.[18]

## Education

Socialisation and schooling can help us learn about our own culture, a process called **enculturation**.[19] Through it we learn more about our ancestry, religion, taboos, festivals, food, music, values, norms and so on.

Since we live in a diverse world, we also learn about other cultures, a process called **acculturation**.[20] We learn through multicultural classmates, books, travel, news media, documentaries, food, music, festivals, films, religions, rituals and artefacts. We may also learn through advertising, such as Leggo's 'teaching' Australians about Italian food. Simplot Australia's pasta business was worth about $39 million in 1999 but it doubled that through its 'Talking Italian' Leggo's advertising featuring comically Italian-speaking Australian celebrities such as Gough Whitlam, Kerri-Anne Kennerley and Kate Fisher.[21] One research on enculturation and acculturation of young Muslims in Australia distinguishes enculturation as 'first-culture learning' and acculturation as 'second-culture learning'.[22] A research study on Aboriginal university students in Canada found high levels of Aboriginal enculturation and Canadian acculturation but low incidence of alcohol problems because Aboriginal culture helped students to cope personally and socially.[23]

## Government

Our culture may change with whichever political party is in power. We may be influenced by policies, laws and spending on education.[24] Australia had a 'White Australia' policy favouring immigrants from Western countries until the Whitlam Labor Government removed the policy in 1973. Now there are 300 ancestries in Australia with dozens of languages, including English, Mandarin, Italian, Greek and Arabic, as well as twenty indigenous languages.[25] The Keating Labor Government in 1994 developed the Creative Nation cultural policy with $250 million funding for cultural institutions, equating it with economic policy because the creative industries recruited 330,000 Australians and created

Explain why culture is an evolving process.

**socialisation**
Learning to interact from a young age with our parents, siblings, relatives, neighbours and strangers

**enculturation**
The process of learning more about our own culture

**acculturation**
The process of learning about another or new culture

$13 billion yearly.[26] In 2013, the Gillard Labor Government introduced 'Creative Australia: The National Cultural Policy' to re-emphasise that a 'creative nation is a productive nation'.[27]

Such policies have influenced culture in consumer behaviour. For example, the Rudd and Gillard Labor governments rolled out thousands of computers and tablets in Australian schools from 2007 to increase digital literacy among students.[28] Also, an Australian Fight Flu campaign produced publicity materials in Arabic, Chinese, English, Greek, Hindi, Indonesian, Italian, Japanese, Khmer, Korean, Macedonian, Portuguese, Russian, Serbian, Spanish, Turkish and Vietnamese[29] (see Figure 2.4).

**FIGURE 2.4**
Fight Flu campaign flyer in Chinese and English

## Employment

As we join the workforce, we also acculturate to learn about corporate culture and how things are done in different companies. Income leads to new buying habits of goods and services, hence expanding our cultural influences.

As part of our work networking, we could belong to a pub culture, coffee culture or BYO culture. Busy working people may pick up the takeaway culture or the instant meal culture. While socialisation in our younger days may have us receiving and giving gifts, working life could enable us to continue with the gift-giving culture with more exotic travel souvenirs for our family, friends and colleagues.

We may also acquire the values of our employers. For example, ANZ Bank states that it values the attitudes, beliefs, ideas and skills of its employees, including integrity, collaboration, accountability, respect and excellence.[30] Hewlett Packard (HP) has the 'HP Way', a corporate culture of integrity and respect. Its HP brand strategy includes values such as collaboration, continuous learning, innovation and world contribution.[31] Coca-Cola is proud of its culture of passion and values such as integrity, accountability, collaboration, innovation, quality and leadership 'to shape a better future'.[32] If you work for Volvo, you acquire the work culture of 'We': cooperation, integrity, courage, relationships and responsibility.[33] Procter & Gamble has corporate values such as integrity, leadership, ownership or personal accountability, passion for winning and trust.[34]

Acculturation also comes through people working in other countries. For example, over 800,000 Australians work in various parts of the world and acquire aspects of the cultures of their host societies.[35] Australia also invites young people aged 18–30 to come to Australia under its Working Holiday Maker program through a 12-month working visa.[36] In a separate promotion in 2009, Tourism Australia attracted young people in its 'Best job in the world' global campaign.

## Media

Media conveys news, opinions, insights, stories, entertainment and advertising. While previous generations grew up listening to the radio, scanning newspapers, avidly reading Enid Blyton books and enjoying the occasional film, modern media through the internet and social media have opened up many more avenues to acquire knowledge and culture.

One book hypothesises that consumer culture is a Westernised phenomenon seductively conveyed through magazine covers, glossy texts and sexy messages.[37] Another book examines the erotic content of media and marketing that use sex to promote brands, magazines, films, music, television programs and video games. While this marketing is targeted at adults, it also reaches children.[38] Other concerns about media impact led non-profit group Adbusters to launch social marketing campaigns such as Buy Nothing Day and Digital Detox Week.[39]

### Reality television

With the internet and television networks, consumers are exposed to various cultures through an increasing array of reality television shows (See Table 2.1).[40]

**TABLE 2.1**

Technology exposes consumers to diverse reality television shows

| SINGING SHOWS | MATCHMAKING SHOWS | SURVIVALIST SHOWS | DANCING AND COOKING SHOWS |
|---|---|---|---|
| • *Australian Idol* <br> • *Australia's Got Talent* <br> • *The Voice* <br> • *X Factor* | • *The Bachelor* <br> • *The Bachelorette* <br> • *Beauty and the Geek* <br> • *Who Wants to Marry My Dad?* | • *Big Brother* <br> • *The Biggest Loser* <br> • *The Amazing Race* <br> • *Survivor* <br> • *The Apprentice* | • *Dancing with the Stars* <br> • *So You Think You Can Dance?* <br> • *MasterChef* <br> • *Hell's Kitchen* |

*The Amazing Race* has exposed viewers to various countries and cultures as teams travel to different destinations as part of the competition. The 'Got Talent' series have revealed hidden cultural talents, such as magicians and instant dress-changing artistes. The dancing shows have exposed viewers to different dance types, while the cooking shows have enhanced the cooking culture in many countries. *MasterChef* and now *My Kitchen Rules* have led more consumers to experiment with traditional and cross-cultural home-cooked food. A book, *Consuming Reality: The Commercialisation of Factual Entertainment*, has explored television's response to commercial demands to engage consumers in exciting ways.[41]

## Technology

While our grandparents may not have had the opportunities in a previous era, modern society sees us emailing, mobile texting, Skyping, Googling, online shopping, reading e-books, tweeting and being part of the billion Facebook users globally.[42] YouTube and viral messaging have enabled over one billion people around the world to acquire some Korean culture through Psy's music and dance movements in the song 'Gangnam Style'.[43] You can also sign up for free massive open online courses (MOOCs) globally through providers such as Coursera, EdX and Udacity, with the possibility of obtaining some credits from leading universities.[44]

A Deloitte survey of 2000 Australians across four generations revealed that 28 per cent of Australians are 'digital omnivores' or people who own a laptop, smartphone and a tablet, and that 71 per cent of Australians multitask with these devices while watching television.[45] *Time Magazine* selected 'You' as Person of the Year in 2006 in recognition of the World Wide Web facilitating global community collaboration through Wikipedia, YouTube, Facebook, Second Life, Amazon, blogs and websites.[46]

### Internet penetration

While the internet has given online access to hundreds of millions of consumers, its penetration, and therefore the possible impact on cultural change, does not occur at the same rate in different regions. Table 2.2 lists internet users as a percentage of estimated 2012 population by regions.[47]

| REGION | INTERNET PENETRATION (%) |
|--------|--------------------------|
| North America | 79 |
| Oceania/Australia | 68 |
| Europe | 63 |
| Latin America/Caribbean | 43 |
| Middle East | 40 |
| Asia | 28 |
| Africa | 16 |

**TABLE 2.2**
Internet users as a percentage of population by region

In terms of internet users as a percentage of population by country, Western countries dominate and may therefore have the advantage of being more globally connected. Table 2.3 lists the percentage of internet users by country. [48]

| RANKING | COUNTRY | INTERNET PENETRATION (%) |
|---------|---------|--------------------------|
| 1 | Iceland | 98 |
| 2 | Norway | 97 |
| 3 | Sweden | 93 |
| 4 | Falkland Islands | 92 |
| 5 | Luxembourg | 91 |
| 6 | Greenland | 90 |
| 7 | Australia | 90 |
| 8 | Netherlands | 89 |
| 9 | Denmark | 89 |
| 10 | Finland | 88 |

**TABLE 2.3**
Top ten internet users as a percentage of population by country

Since major countries such as the UK (84 per cent) and the USA (78 per cent) are outside the top ten, it is useful to compare how other Asia–Pacific countries fare in terms of internet penetration as a percentage of population (See Table 2.4).[49]

| COUNTRY | INTERNET PENETRATION (%) |
|---------|--------------------------|
| Australia | 90 |
| New Zealand | 85 |
| South Korea | 83 |
| Japan | 80 |
| Brunei | 78 |
| Singapore | 75 |
| Taiwan | 75 |
| Hong Kong | 75 |
| Malaysia | 61 |
| China | 40 |

**TABLE 2.4**
Asia–Pacific internet users as a percentage of population

| COUNTRY | INTERNET PENETRATION (%) |
|---------|--------------------------|
| Vietnam | 34 |
| Philippines | 32 |
| Thailand | 30 |
| Indonesia | 22 |
| Pakistan | 15 |
| India | 11 |
| Laos | 9 |
| Cambodia | 4 |
| Myanmar | 1 |

Hence, we cannot take for granted that most consumers in every country are internet users and are acculturating at the same rate as in developed countries.

## Mobile phones

Technology has also facilitated the increasing use of mobile cellular phones, which helps the enculturation and acculturation process. About 86 per cent of the world's population have a mobile phone; hence, we have a new generation of cellular phone culture. The top ten mobile cellular phone subscriptions by percentage of population may surprise you, with Russia as number one with 1.65 phones per person and Vietnam as number two with 1.44 phones per person (see Table 2.5).[50]

**TABLE 2.5**

Mobile cellular phone subscriptions as a percentage of population

| RANKING | COUNTRY | SUBSCRIPTIONS (%) |
|---------|---------|-------------------|
| 1 | Russia | 165 |
| 2 | Vietnam | 144 |
| 3 | Germany | 139 |
| 4 | Brazil | 137 |
| 5 | Mexico | 118 |
| 6 | Indonesia | 115 |
| 7 | Philippines | 113 |
| 8 | USA | 110 |
| 9 | Japan | 108 |
| 10 | China | 92 |

While 3G/4G mobile subscriptions are increasing, only 27 per cent of the world's population have such phones and the penetration as a percentage of population is still low in many markets. For example, it is 92 per cent in the USA, 84 per cent in Japan, 56 per cent in Germany, 39 per cent in Brazil, 29 per cent in China and Russia, 20 per cent in Vietnam, 18 per cent in Indonesia, 17 per cent in the Philippines and 7 per cent in India.[51]

## Tablets

Written communication has progressed from writing on paper to typing on typewriters, then switching to bulky desktop computers, and then enjoying the innovation of mobile laptops. The growth of tablets such as the iPad and Galaxy has also meant a change in how we develop new rituals in working and reading. While 2012 shipments of tablets and notebooks were 121 million and 208 million, respectively, it is estimated that there will be shipments of 416 million tablets compared with 393 million notebooks by 2017.[52]

The increase in laptops and tablets has changed the way students in some countries learn; for example, students in some Australian schools are already using iPads for learning.[53] The trend towards tablets also means a cultural shift in the way we read books. In 2011, e-book sales increased by nearly 160 per cent while print sales declined by 23 per cent.[54]

The penetration of the internet, mobile phones and tablets has also led to a new shopping culture. An IBM study of 26,000 consumers in fourteen countries revealed a group of shoppers dubbed **showroomers**, or transitioning shoppers who search store showrooms but purchase online.[55] As shoppers surf the internet to learn more about competitive products and prices, it is estimated that e-retail spending will increase 62 per cent by 2016 to 192 million US shoppers.[56] See Figure 2.5 for an example of e-retail on the popular eBay site.

**showroomers**
Transitioning shoppers who search store showrooms but purchase online
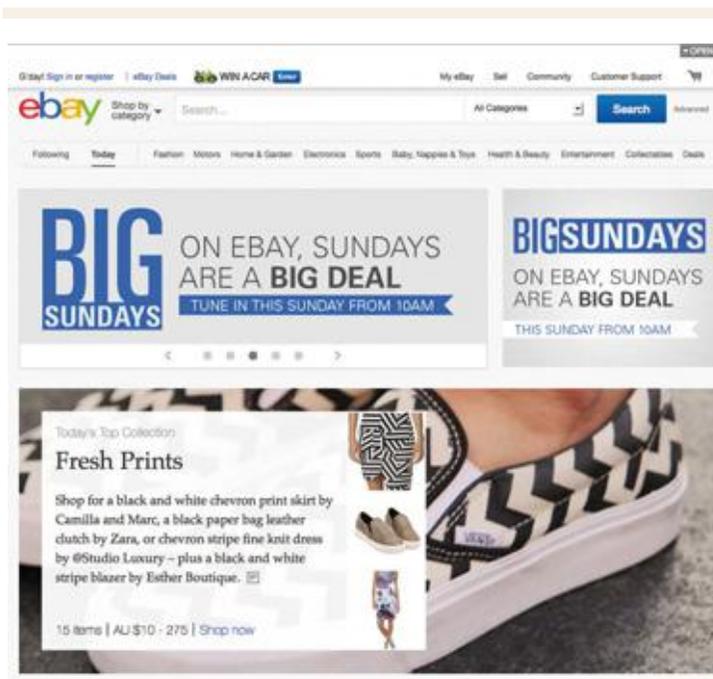


**FIGURE 2.5**
E-retailing on eBay

## Brands

Global brands such as Coca-Cola, McDonald's, Microsoft and Apple have influenced the way we live. As we acculturate and learn about new cultures, we can become Americanised, Westernised or globalised in our culture.[57]

**Coca-colonisation**
Coca-Cola's worldwide expansion used as an analogy to describe the spread of Western brand culture globally

The term **Coca-colonisation**, from Coca-Cola's worldwide expansion, has also been used to describe the spread of Western brand culture globally.[58] One research reported that Coca-colonisation, as a form of cultural imperialism, encourages acculturation of US brands rather than enculturation of local brands. It also changes cooking habits when housewives in Brazil, Columbia and the Philippines use Coca-Cola as a cooking ingredient; and spreads obesity and diabetes illnesses of developed nations to developing markets.[59]

We may watch US advertising, buy Western brands such as the Apple iPhone or become globalised in preferring various global brands or products from particular countries. (At the other extreme, some consumers buy fake versions of global brands!) Combined with technology, some of us adopt the DIY or do-it-yourself culture; for example, buying from Ikea and assembling our own chairs or bookshelves.

Brand advertising also introduces us to cultural symbols, such as the Esso Tiger, Singapore Airlines Singapore Girl, the Michelin Man, the Duracell Rabbit and Mortein's Louie the Fly (see Figure 2.6). When news broke in 2012 that Mortein was considering killing off Louie, its symbol for 54 years on Australian television, unless there were 35,000 fan supporters on Facebook, 250,000 of Louie's fans rallied to save him.[60]

**FIGURE 2.6**
Louie the Fly

A WPP cultural traction study measured 7500 consumers' perception of fifty brands' vision, inspiration, boldness and excitement, and revealed that Apple was the number one culturally relevant brand.[61] See Table 2.6 for the top ten culturally relevant brands.

| RANKING | BRAND |
|---------|-------|
| 1 | Apple |
| 2 | Google |
| 3 | Amazon |
| 4 | Sony |
| 5 | Microsoft |
| 6 | Facebook |
| 7 | Samsung |
| 8 | Harley-Davidson |
| 9 | Ikea |
| 10 | Subway |

**TABLE 2.6**
Top ten culturally relevant brands

Global brands also acculturate to learn about foreign markets and adapt strategies for new markets. For example, McDonald's Canada includes the Canadian maple leaf in its logo.[62] On Australia Day in 2013, McDonald's changed its name to 'Macca's' in thirteen outlets for a month [63] (see Figure 2.7).



**FIGURE 2.7**
McDonald's becomes Macca's on Australia Day

Country brands have also influenced our cultural learning. The 2012–13 FutureBrand Country Brand Index is a quantitative and qualitative study on how opinion leaders, frequent global travellers and diverse experts perceive the value system, quality of life, business attractiveness, heritage and culture, and tourism of different countries.[64] Switzerland was ranked number one in the study (see Table 2.7).

**TABLE 2.7**
FutureBrand's top country brands

| RANKING | TOP COUNTRY BRAND |
| --- | --- |
| 1 | Switzerland |
| 2 | Canada |
| 3 | Japan |
| 4 | Sweden |
| 5 | New Zealand |
| 6 | Australia |
| 7 | Germany |
| 8 | USA |
| 9 | Finland |
| 10 | Norway |

## Travel

Travel enables tourists and the host countries to acculturate the cultures of other nationalities. Budget travel through Air Asia, Jetstar, Tiger Airways, Virgin Blue and Singapore Airlines' Scoot has enabled more people to travel more frequently. Over one billion people travelled in 2012, according to the World Tourism Organization.[65] Table 2.8 lists tourist arrivals by region.

**TABLE 2.8**
International tourist arrivals by regions, 2012

| REGION | TOURIST ARRIVALS (MILLIONS) |
| --- | --- |
| Europe | 535 |
| Asia–Pacific | 233 |
| Americas | 162 |
| Middle East | 53 |
| Africa | 52 |
| **Total** | **1035** |

Since tourism is the biggest global industry, the United Nations Educational, Scientific and Cultural Organization (UNESCO) promotes sustainable tourism, heritage cities, cultural and eco-tourism, and community-based tourism.[66] UNESCO also promotes a network of creative cities under the following themes:

1   *Literature*—Edinburgh (Scotland), Melbourne (Australia), Iowa City (USA), Dublin (Ireland), Reykjavik (Iceland), Norwich (England) and Krakow (Poland)
2   *Cinema*—Bradford (England) and Sydney (Australia)

3  *Music*—Seville (Spain), Bologna (Italy), Glasgow (Scotland), Ghent (Belgium), Bogota (Colombia) and Brazzaville (Congo)

4  *Crafts and folk art*—Santa Fe (USA), Aswan (Egypt), Kanazawa (Japan), Icheon (South Korea), Hangzhou (China), Fabriano (Italy) and Paducah (USA)

5  *Design*—Buenos Aires (Argentina), Berlin (Germany), Montreal (Canada), Nagoya, Kobe (Japan), Shenzhen, Shanghai, Beijing (China), Seoul (South Korea), Saint-Étienne (France) and Graz (Austria)

6  *Media Arts*—Lyon (France), Enghien-les-bains (France) and Sapporo (Japan)

7  *Gastronomy*—Popayán (Colombia), Chengdu (China), Östersund (Sweden), Jeonju (South Korea) and Zahle (Lebanon).[67]

The *World Cities Culture Report 2012* reaffirmed that culture attracts both tourists and foreign talents through cultural heritage, cultural vitality and diversity, film and games, literary culture, people and talent, and performing arts.[68] The cities highlighted in the report were:

1  Istanbul (Turkey), with its Neolithic, Greek, Roman and Ottoman history

2  Johannesburg-Gauteng (South Africa), with its history of apartheid and Western culture

3  London (England), with its culture of international trade and global finance, British empire, industrial revolution, two world wars, mass immigration and literary contributions such as Shakespeare and Dickens

4  Mumbai (India), with its history under the Portuguese and the British and its current fame as the Bollywood film industry

5  New York (USA), with its arts and culture investments in Manhattan, Greenwich Village and SoHo

6  Paris (France), with its famous visual arts, the Louvre museum, films, cinemas, cuisine, fashion, cafes and bars

7  Shanghai (China), with its 'Paris of the East' legacy and its 2020 vision of being a cultural metropolis

8  Tokyo (Japan), with its postwar recovery and popular culture such as karaoke, manga comics and sushi bars

9  Sydney (Australia), with its foreign-born and second-generation migrants, multiculturalism and famous events such as the Gay and Lesbian Mardi Gras (see Figure 2.8).

## Migration

Migration has influenced acculturation. The International Organization for Migration reported that international migrants increased from 150 million in 2000 to 214 million in 2010.[69] See Table 2.9 for the five countries with the highest migrant percentage.

In Australia, 26 per cent of Australians were born overseas, with the majority coming from the UK.[70]

Differentiate between
socialisation,
enculturation,
acculturation,
Coca-colonisation,
creolisation,
ethnocentricism and
xenophobia.

**Americanisation**
 The spread of US brands
globally

**ethnocentrism**
A belief that your culture
is superior to others

**xenophobia**
An intense dislike of
foreign cultures

| RANKING | COUNTRY | MIGRANTS (%) |
|---------|---------|--------------|
| 1 | Qatar | 87 |
| 2 | United Arab Emirates | 70 |
| 3 | Jordan | 46 |
| 4 | Singapore | 41 |
| 5 | Saudi Arabia | 28 |

TABLE 2.9
Top five countries with
the highest migrant
percentage

## Transitions to ethnocentrism, xenophobia or creolisation

There comes a time after enculturation, acculturation, **Americanisation**, Westernisation,
globalisation or Coca-Colonisation when we either transition to ethnocentrism, **xenophobia**
or creolisation, or expect global firms to practise glocalisation.

**Ethnocentrism** exists when you believe that your culture is superior to others. While
some consumers may be **xenophobic**, intensely disliking foreign cultures, ethnocentric
advocates such as Dick Smith promote 'Buy Australian made'. Cross-cultural research on
consumer ethnocentrism in China, South Korea and the USA found that US consumers
were more ethnocentric.[71] Other research on Nigerian acculturation to global consumer
culture concluded that globally aware Nigerians who were acculturated to multinational
brands and mass media were still ethnocentric due to ethnic ideologies and nationalistic

inclinations, preferring to wait for global firms to localise their marketing activities, a process known as **glocalisation**.[72]

**Creolisation** is about integrating foreign elements into local culture.[73] A research reported that consumers in developing countries integrated imported soft drinks into their cooking and rituals until these products became creolised without much local awareness of their foreign origins.[74]

Traditional Singapore brands such as Old Chang Kee have successfully creolised by integrating Western franchising and manufacturing systems, expanding from its traditional curry puff product in 1956 to other seafood and chicken products (see Figure 2.9).

**glocolisation**

A process where global firms localise their overseas marketing activities

**creolisation**

The integration of foreign elements into local culture
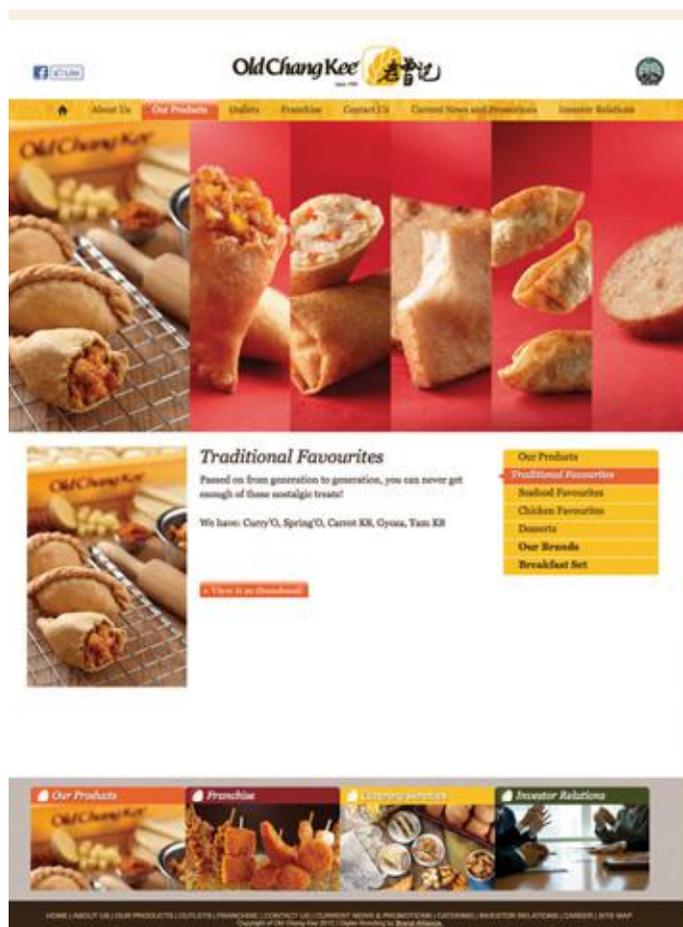


**FIGURE 2.9**
Singapore's Old Chang Kee creolises

In summary, socialisation, education, government, employment, media, technology, brands, travel and migration influence culture. The consumer culture theory assumes that there are dynamic relationships between the marketplace, cultural meanings and consumer actions.[75] Metaphorically, culture is like the four seasons, where each season

brings a change in climate, clothing, fashion, sport, etc. We become enculturated, acculturated, Westernised, globalised, ethnocentric, xenophobic or creolised, making it extremely challenging for marketers to influence our consumer behaviour.

## KFC IN ASIA

CONSUMER BEHAVIOUR IN ACTION

Colonel Harland Sanders founded KFC (Kentucky Fried Chicken) in 1952 in Louisville, Kentucky, USA. He travelled throughout US cities to franchise his business. Now owned by YUM! Brands Inc, KFC operates in over 100 countries through 15,000 stores.[76]

In 1973, KFC opened and closed eleven outlets in Hong Kong within two years because it did not acculturate sufficiently. In 1975, KFC re-entered Hong Kong with Birdland, a franchisee with local investors. In 1987, KFC opened in Beijing's Tiananmen Square with well-connected local partners. Its chicken core product has been naturally accepted as Chinese prefer pork and chicken rather than beef or lamb.[77] KFC expanded into small and midsize cities, provided an inviting dine-in ambience compared with the small takeaway outlets in the USA, varied spiciness levels by geographical regions and promoted itself as part of the local community.[78]

China is now KFC's second largest market with over 3700 outlets, compared with the USA with 4780 stores. McDonald's has about 1500 stores in China but over 14,000 outlets in the USA.[79]

KFC has been successful in China because it has acculturated and 'glocalised' effectively by understanding China's culture and geography, employing local managers to work collectively with domestic partners; and introducing ethnic tastes with a large local menu. Its unique menu includes rice congee, fried dough sticks, egg tarts, shrimp burgers and soymilk drinks[80] (see Figure 2.10).



**FIGURE 2.10**
KFC China's rice congee

# MARKETING AND SUBCULTURE

Savvy marketers acculturate to learn about their consumers' cultures. Some of them target universal cultures, such as Apple iPod appealing to the music culture of global markets since 2002.[81]

Many marketers acculturate by understanding the sub-segments or subcultures of their consumers by geographical location, ethnicity, languages, gender, sexual orientation, age, marital status, education, occupation and religion. The marketers then decide strategically to target a subculture or a combination of the segments.

List the subcultures that you belong to.

## Geography

Different geographical-based strategies are used by companies in different markets. Mass global marketers such as Coca-Cola and PepsiCo are attracted by population sizes in various regions or countries. Tourism Australia's 2020 strategy focuses on growth regions such as Greater China, North America and the UK.[82] Research on sportswear surveyed consumers in Austria, China, South Korea and the USA to find out their lifestyle preferences, eventually arriving at four cross-cultural psychographic segments of Fashion Leaders, Conspicuous Fashion Consumers, Sensation Seekers and Sociable Followers.[83]

Population estimates in 2013 reveal the top twenty mass markets, with many from Asia[84] (see Table 2.10).

**TABLE 2.10**
Top twenty countries by population

| RANKING | COUNTRY | POPULATION (MILLIONS) |
|---|---|---|
| 1 | China | 1300 |
| 2 | India | 1200 |
| 3 | USA | 316 |
| 4 | Indonesia | 251 |
| 5 | Brazil | 201 |
| 6 | Pakistan | 193 |
| 7 | Nigeria | 175 |
| 8 | Bangladesh | 164 |
| 9 | Russia | 143 |
| 10 | Japan | 127 |
| 11 | Mexico | 119 |
| 12 | Philippines | 106 |
| 13 | Ethiopia | 94 |
| 14 | Vietnam | 92 |
| 15 | Egypt | 85 |
| 16 | Germany | 81 |
| 17 | Turkey | 81 |
| 18 | Iran | 80 |
| 19 | Congo | 76 |
| 20 | Thailand | 67 |

## Ethnicity

Each country has its own ethnic majority. Table 2.11 shows the diverse majority groups in selected countries in Asia–Pacific, with ethnic labels used by the Central Intelligence Agency in its *World Factbook*.[85]

**TABLE 2.11**
Ethnic majority in selected countries

| COUNTRY | ETHNIC MAJORITY |
| --- | --- |
| China | Han Chinese |
| India | Indo-Aryan |
| Indonesia | Javanese |
| Malaysia | Malay |
| Singapore | Chinese |
| Australia | Anglo |
| New Zealand | Anglo |

**FIGURE 2.11**
Pizza Hut Malaysia's 'Ring of Fortune' pizza



Marketers tap into ethnicity. Research comparing French and Australian wine consumers revealed that an Australian wine retailer segmented its store areas by country and region to target high-involvement wine lovers.[86] Crown Casino in Melbourne has a diversity of restaurants offering Australian, French, Chinese, Japanese and Vietnamese cuisines. Stores in Asia often target ethnic festivals, such as Chinese New Year, the Muslim Hari Raya and the Indian Deepavali. Pizza Hut Malaysia celebrated the 2013 Chinese New Year with a pizza in the shape of a Chinese coin, branding the product as 'Ring of Fortune' (see Figure 2.11).

## Languages

English is not the most popular language in the world and French is not in the top ten. Mandarin is the most widely spoken language (see Table 2.12).[87]

| RANKING | LANGUAGE | SPEAKERS (MILLIONS) |
|---------|----------|---------------------|
| 1 | Mandarin | 874 |
| 2 | Hindi | 366 |
| 3 | English | 341 |
| 4 | Spanish | 322 |
| 5 | Arabic | 280 |
| 6 | Bengali | 207 |
| 7 | Portuguese | 176 |
| 8 | Russian | 167 |
| 9 | Japanese | 125 |
| 10 | German | 121 |

**TABLE 2.12**
Top ten spoken languages in the world

The Special Broadcasting Service (SBS) in Australia, established in 1978 to broadcast multilingual services for ethnic residents and visitors, introduced a Mandarin television news program and an online Virtual Community Centre for Chinese Australians in 2010.[88] SBS is the only television station in Australia where ethnic Chinese can view Chinese, Korean and Japanese films.

Marketers targeting Mandarin-speaking consumers often translate their brand names that sound like the English version. Some Mandarin names have positive meanings, such as Coca-Cola's *Ke Kou Ke Le* ('tasty happiness') and PepsiCo's *Bai Shi Ke Le* ('everything happy'; see Figure 2.12).[89] Peugeot's Chinese name *Biao Zhi* ('handsome') sounds like *Biao Zi* (prostitute) in southern China and Microsoft's search engine Bing could mean disease or virus, and hence was changed to *Bi Ying* ('responds effectively').[90]



**FIGURE 2.12**
Pepsi and Coca-Cola packaging in Mandarin

## Gender

While the gender ratio is almost equal in many countries, there are 13–17 per cent and 12–13 per cent more males in certain age segments in China and India.[91] When credit cards were first introduced, campaigns were aimed at men but marketers later launched cards for many women who entered the workforce. Nike also introduced its Nike for Women range. *Playboy* and *Penthouse* have always targeted men but women also read the magazines.

## Sexual orientation

**LGBT community**
The lesbian, gay, bisexual and transgender segments

The population size of the lesbian, gay, bisexual and transgender segments, also known as the **LGBT community**, has been debated for years but one recent study puts the figure at around 9 million in the USA.[92]

Some marketers explicitly target the LGBT segment, such as Absolut Vodka, American Airlines, Campbell's Soup, General Motors, Macy's, PepsiCo, Procter & Gamble, Unilever and Wells Fargo.[93] Hallmark, Marriott International, McDonald's, Suzuki and Virgin Airlines have also appealed to the gay market.[94] Traditionally conservative Hallmark introduced gay-marriage cards when California and Massachusetts legalised gay marriages.[95] About 77 per cent of gay audiences indicated that they are more likely or much more likely to buy from firms that promote directly to them.[96] See Figure 2.13 on an advertisement promoting same-sex marriage by activist group Get Up!

**FIGURE 2.13**
Advocating for same-sex marriage in Australia



## Age

There are many descriptions of age segmentations, but the popular ones are:

- **Silent Generation** (born 1930–1945), who value family togetherness, conformity and health

- **Baby Boomers** (born 1946–1964), who value self-expression, optimism and family responsibilities
- **Generation X** or **Latchkey Generation** (born 1965–1977), who value balanced lifestyles, personal responsibility, multiculturalism and global thinking
- **Generation Y** (born 1977–1994), who value independence, autonomy and social networking (also known as the Millennial Generation, Net Generation or iPod Generation).
- **Generation Z** (born after 1994), who value high-tech information sources and peer acceptance.[97]

Some Baby Boomers and Generation X segments are also described as the **Sandwich Generation**. Aged 40–59, they are financially burdened supporting a parent and a young or grown child at the same time. The Generation Y segment aged 25–34 is also known as the **Boomerang Generation**, still living with their parents for economic and relationship reasons.[98] In Australia, Baby Boomers represent 35 per cent of the workforce but are near retirement, while Gen X represent 60 per cent. By 2020, Gen Y will form 50 per cent of the workforce while Gen Z will be about 10 per cent.[99]

Tourism Australia has been engaging the global adventure-seeking youth segment through campaigns such as the 'Best job in the world' in 2009 to be a caretaker on the Great Barrier Reef and six 'Best jobs' in 2013 such as a 'Chief Funster' in New South Wales, 'Lifestyle Photographer' in Victoria, 'Outback Adventurer' in Northern Territory, 'Park Ranger' in Queensland, 'Taste Master' in Western Australia and 'Wildlife Caretaker' in South Australia.[100]

Within a week of the 'Best Jobs' promotion in March 2013 (see Figure 2.14), Tourism Australia had received 275,000 applications from 200 countries.[101] The Tourism Australia campaign eventually attracted 330,000 applications, with winners from Brazil, Canada, England, France, Ireland and USA.[102]

**Sandwich Generation**
Another name for some Baby Boomers and Generation X segments who are financially burdened by simultaneously supporting a parent and a young or grown child

**Boomerang Generation**
Members of Generation Y, aged 25–34, who still live with their parents for economic and relationship reasons



**FIGURE 2.14**
One of the 'best jobs in the world'

## Marital status

Marketers target the singles, about-to-be married, the married, single dads and mums, busy working husbands and busy working wives. Other marketers promote to parents to seek their advice; for example, Procter & Gamble has a parenting panel for Pampers, its first $10 billion brand.[103]

Some marketers promote Rent-A-Hubby to single mums or working women who are too busy to fix household things and Rent-a-Wife for single or working men who are similarly too busy to do household chores. Some marketers target house husbands who look after the homes and children while their wives are breadwinners. There are websites on Rent-a-Womb or sperm banks for couples who cannot have children naturally. Property developers and banks target couples who are in a relationship or married. Some websites highlight the 'Ex' or break-up culture by encouraging customers to sell jewellery from a previous relationship! There appears to be a sizeable market of teenage mums, as evidenced by MTV's *Teen Mom* reality show going into its fourth season[104] (see Figure 2.15).

**FIGURE 2.15**
MTV's *Teen Mom* show



## Education

Literacy—the ability to read and write—varies from country to country and influences our enculturation or acculturation process. One researcher conceptualises literacy as 'a continuous, multidimensional indicator of proficiency in using written language'.[105] A report highlighted five levels of adult literacy in the USA in 2002, with 21–23 per cent at Level 1 with limited document, prose and quantitative skills; 25–28 per cent at Level 2 with basic skills in locating text, making inferences and integrating simple information; 33 per cent at Level 3 with more skills to integrate information from documents and determine arithmetic operation; and 18–21 per cent at Levels 4 and 5 with highest levels of document, prose and quantitative skills.[106]

In Afghanistan, the literate population is 28 per cent, with males (43 per cent) more literate than females (13 per cent). In India, literacy is 74 per cent, higher among males (82 per cent) than females (65 per cent). [107] Literacy in Australia is 99 per cent, with equal distribution between genders. [108]

Understanding literacy levels enables marketers to communicate appropriately with different segments. For example, Open Universities Australia markets to people who wish to learn online from any location (see Figure 2.16).



**FIGURE 2.16**
Open Universities
Australia

## Occupation

Occupations influence income, spending power and lifestyle activities; hence, marketers also segment by job categories. The International Labour Organization has an International Standard Classification of Occupations under ten major groups:[109]

1  managers
2  professionals
3  technicians and associate professionals
4  clerical support workers
5  service and sales workers
6  skilled agricultural, forestry and fishery workers
7  craft and related trades workers
8  plant and machine operators and assemblers
9  elementary occupations
10  armed forces occupations.

The Central Intelligence Agency categorises occupations differently: agriculture (farming, fishing and forestry), industry (construction, energy production, manufacturing and mining) and services (communications, economic activities, finance, government and transportation).[110]

A new phenomenon is outsourcing of some industry and services jobs, such as manufacturing, data entry, data processing and customer support.[111] Over two million jobs in the USA were outsourced in 2011 to countries such as India, China and Indonesia.[112] Another phenomenon is the fly in–fly out (FIFO) job category (see Figure 2.17), with

Australia alone having 200,000 mining employees on schedules of four weeks' work and four weeks' holiday.[113] Related to the FIFO category, Western Australia has run media campaigns to encourage interstate Australians to 'Go West' to service the booming mining economy.

## Religion

The world's largest religious groups are Christians and Muslims, followed by 'unaffiliated', Hindus and Buddhists (see Table 2.13).[114]

TABLE 2.13
Religions of the world

| RELIGION | NUMBER OF PEOPLE (MILLIONS) | PERCENTAGE OF WORLD POPULATION |
|---|---|---|
| Christianity | 2200 | 32 |
| Islam | 1600 | 23 |
| Unaffiliated (for example, agnosticism and atheism) | 1100 | 16 |
| Hinduism | 1000 | 15 |
| Buddhism | 488 | 7 |
| Folk (for example, African, Chinese, Native American and Australian traditional religions) | 405 | 6 |
| Other religions (for example, Taoism, Shintoism and Sikhism) | 58 | 0.8 |
| Judaism | 15 | 0.2 |

Marketers segmenting by religion should also know the following:

- Nearly 50 per cent of Christians are Catholics, 37 per cent are Protestant and 12 per cent are Orthodox Communion, with most Christians living in Europe, Latin America and the Caribbean.
- The majority of Muslims are from Indonesia, India, Pakistan and Bangladesh.
- Over 94 per cent of Hindus are from India.
- About 99 per cent of Buddhists live in the Asia–Pacific countries of China, Thailand, Japan and Myanmar.

A research study on shopping behaviours of Hindus, Muslims and Catholics found that Catholics were more traditional, searching for bargains in media; more thoughtful when considering bargains and opinions; and more demanding of quality, nutritional value and service.[115]

Since religion as a subculture is such a big segment, some marketers have explicitly launched advertising and public relations campaigns to raise awareness of God; for example, Ogilvy & Mather created an awareness campaign in Singapore for a group of 150 Christian churches in 2001 to position God as friendly, witty and approachable[116] (see Figure 2.18). Ogilvy was also a PR partner at the World Islamic Economic Forum on Islamic branding in Malaysia in 2007 and launched a communication campaign in 2009 to create awareness for the teachings of Buddha in Singapore.[117]



**FIGURE 2.18**
Promoting Christianity in Singapore

In summary, culture has its own sub-facets or subcultures, such as geographical location, ethnicity, languages, gender, sexual orientation, age, marital status, education, occupation and religion. Subculture is like a restaurant's buffet, where you could choose Western, Japanese, Chinese, Indian or a mixture of the food served. Often, marketers target a combination of subcultures; for example, Myer department store in Australia advertises in English to target both gender of different ages, marital status and occupations.

CONSUMER
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## MARKETING AND MUSLIM CULTURE

There are cultural aspects specific to Islam. Devout Muslims do not consume alcoholic drinks, pork or food cooked in lard. They buy halal (or 'permissible') food and other products appropriately prepared according to Islamic rituals. They fast for about a month during Ramadan (the ninth month of Muslim year) and go on pilgrimage to Mecca at least once in a lifetime. [118]

The international halal segment is worth as much as US$600 billion, while the Islamic finance industry is estimated to be between US$1 trillion and US$2 trillion. Hence, Ogilvy & Mather has established Ogilvy Noor, its specialist Islamic branding advertising agency; Tesco has halal counters and a Ramadan aisle in some of its grocery stores in Britain; Britain launched an Islamic Bank in 2004 and Germany did the same in 2010; and Muxlim started its global Muslim lifestyle network in 2008 across 190 countries.[119]

A Muslim consumer group website lists companies that produce halal cosmetics, such as Garnier, Kiehls, Lancome, L'Oreal, Maybelline, Nivea and Pond's.[120]

Nestlé produces Malaysia's largest range of halal products (about 300 items), which include Kit Kat, Maggi, Milo, Nescafé and Nespray.[121] The Islamic Coordinating Council of Victoria also grants halal status to Nestlé products.[122]

Unilever has emphasised that its Wall's products are halal certified by Islamic associations in Malaysia, Thailand, Indonesia, China and the Philippines.[123] Unilever UK's Marmite, a product similar to Vegemite, is a halal product.[124]

Since Australia exports red meat to the Middle East, the Australian Government has a Halal Slaughter Program where accredited Muslim butchers declare animal carcasses as halal and where the Australian Quarantine and Inspection Service ensure that production processes meet halal standards. Australian red meat is 'Guaranteed Halal', with the Australian Halal Marketing Brand logo on promotional materials.[125]

## CULTURAL DIFFERENCES

Since Australasia and South-East Asia have had relationships in many areas such as culture, economy, education and trade, it would be useful to understand cultural differences between Australia, New Zealand and Association of South-East Asian Nation (ASEAN) countries—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.[126]

### Australia

Compare the cultural differences in Australasia and South-East Asia.

Australia's population is a diverse mix of Aboriginal and Torres Strait Islander people, descendants of Great Britain's settlement in 1788 and migrants from Europe, Asia–Pacific, Central and South America, the Middle East and Africa. About 26 per cent of its population is overseas-born and 64 per cent of Australians are Christians.

Australians love leisure time and sport as part of their culture. About 88 per cent of adult Australians attend a cultural event yearly and around 70 per cent of Australians aged 15 or more participate in a weekly physical activity. As a sporting nation, Australia is particularly known for its cricket, hockey, rugby, netball and swimming achievements.

While English is the main language, 15 per cent of Australians speak Italian, Greek, Mandarin, Cantonese, Vietnamese or Arabic. Hence, Australia's diverse cuisine includes lamington sponge cakes, pavlova desserts, Vegemite yeast spread, and kangaroo, crocodile or emu meat. There is a wine-drinking culture, as Australia is a major wine exporter. Australians believe in a 'fair go', mateship and supporting the underdog.[127]

## New Zealand

New Zealand's population comprises 69 per cent of European descent, 14.6 per cent indigenous Māori, 9.2 per cent Asian and 6.9 per cent non-Māori Pacific Islanders.[128] Many European settlers migrated from Sydney in the nineteenth century and introduced Christianity, farming, trade and education to the Māori community. Although New Zealand decided not to join the Australian Federation in 1901, the two countries have been closely connected through the Australian and New Zealand Army Corps (ANZAC) since 1915.

The 2013 Census showed that New Zealand has 213 ethnic groups, with European, Māori, Chinese, Samoan and Indian as the five largest groups.[129] English and Māori are the two most popular languages in New Zealand, followed by Samoan, French, German and Cantonese.[130] Over 50 per cent of New Zealanders are Christians, with minority religions being Hinduism, Buddhism, Islam and spiritualism.[131]

New Zealanders (or Kiwis) love the outdoors, including camping, fishing, hiking, kayaking, mountain climbing, rowing, rugby, windsurfing and yachting. About 15 per cent of Kiwis own boats and New Zealand is famous for its All Blacks rugby team, which performs the traditional Māori haka war dance before each match.[132] New Zealand is popular as a film location, with films such as *The Lord of the Rings Trilogy*, *The Hobbit*, *The Last Samurai*, *The Chronicles of Narnia*, *The Piano*, *Once Were Warriors* and *Whale Rider* all filmed there.[133]

## Brunei

Brunei is an Islamic monarchy with a population of Malays (67 per cent), Chinese (11 per cent) and other ethnicities (22 per cent). Malay is the official language and Islam is the official religion, although Christianity and Buddhism are also practised because of historical immigration from China, India, Indonesia and the Philippines. Brunei is rich in oil and natural gas, and its population enjoys high levels of literacy and social services.[134]

## Cambodia

Cambodia has a heritage of Chinese, Indian, Thai, Vietnamese, Laos and French cultures. Its population is 95 per cent Khmer ethnic who predominantly practise Buddhism, with a small minority of Christians, Muslims and Confucianists. The official language is Khmer, with some influences from Thai and French. Cambodia is famous for its Angkor Wat religious monument.[135]

## Indonesia

Indonesia has the largest Muslim population in the world although it was a Dutch colony in the seventeenth century. Its largest ethnic groups are the Javanese and Sundanese. Bahasa Indonesia is the official language but English and Dutch are also spoken.[136] Indonesia is famous for its batik cloth design, keris dagger, *wayang* (shadow puppet performances) and *angklung* bamboo musical instrument.[137]

## Laos

Laos' population is made up of forty-nine ethnic groups with Thai, Khmer and Burmese heritage. Over 90 per cent are Buddhists. Although Lao is the official language, some residents speak English, French, German, Russian, Chinese, Vietnamese and Thai.[138]

## Malaysia

Malaysia's major ethnic groups are Malay, Chinese and Indian. Bahasa Malaysia is the official language. Its main religion is Islam but there are also Buddhists, Christians and Hindus, hence Malaysia celebrates ethnic festivals throughout the year.[139]. As Malaysia is rich in its Indigenous, Portuguese and British history, it offers many experiences for visitors, such as its tea plantations in Cameron Highlands, prehistoric rainforests in Pahang and three UNESCO World Heritage Sites in Malacca, Penang and Sarawak. Malaysia also promotes medical, educational and golf tourism on its Truly Asia website.[140]

## Myanmar

Previously known as Burma, Myanmar's population comprises 135 ethnic groups. Myanmar (Burmese) is the main language and its people are primarily Buddhists, with a minority of Christians, Hindus and Muslims.[141] Myanmar has been in the news because of Aung San Suu Kyi, a political leader who was under house arrest for 15 years and who won the 1991 Nobel Peace Prize.[142]

## Philippines

The Philippines' population has Malay, Arab, Chinese, Spanish and American heritage. Christians, primarily Catholics, make up over 90 per cent of its population. While Pilipino Tagalog is the national language, English is the unofficial language.[143]

## Singapore

Singapore was a British colony in 1819, was part of Malaysia in 1963 and became an independent republic in 1965. Its population is primarily Chinese, with minorities of Malay, Indian, Eurasian, European, Arab and Peranakan (Chinese who acculturated Malay or Indonesian customs). Its official languages are English, Mandarin, Malay and Tamil. The largest religious group is Buddhist, with the balance being Muslim, Christian, Taoist and Hindu.[144]

## Thailand

Once known as Siam, Thailand is a constitutional monarchy that was never colonised by a European power. Its population is mostly ethnically Thai, with Chinese, Indian, Malay, Khmer, Burmese and Lao groups forming the minority. Thai is the official language but English is spoken too. About 95 per cent of Thais are Buddhists, 4 per cent Muslims and 1 per cent Christians.[145]

## Vietnam

Vietnam has a heritage of Viet tribe groups as well as Chinese, Indian, French and US cultures. Its population is 90 per cent Viet ethnicity, with the balance made up of fifty-three ethnic groups. About 70 per cent of Vietnamese are Buddhists, 10 per cent Catholics and the remainder Protestants, Muslims and other beliefs.[146]

This quick review of core cultures of Australasian and ASEAN countries demonstrates that each country is culturally diverse in history, ethnicities, languages and religions. There are common elements in the region, such as religion, education, language and ethnicity. Marketers need to understand specific subcultures or find a common ground when selling goods and services in the Asia–Pacific region. Tourism and Events Queensland, for example, has a special marketing website on 'Things to remember with Asian visitors', which covers cultural issues such as communal dining, the use of chopsticks and toothpicks, non-preference for lamb or mutton in general, no beef for Hindus, no pork for Muslims, seating arrangements at a restaurant, colour and number symbolisms, and the concept of 'face saving' reputation.[147] See the Figure 2.19 showing steamboat communal dining, which is popular in Asia and that metaphorically also sums up the need for harmonious diversity in the Asia–Pacific region.

**FIGURE 2.19**
Steamboat communal
dining



**CONSUMER BEHAVIOUR IN ACTION**

## HSBC CULTURE CAMPAIGN

The Hong Kong and Shanghai Banking Corporation (HSBC) ran a classic cultural communication campaign in 2002 to demonstrate that it had acculturated in diverse markets and understood different cultures. A research study indicated that the campaign demonstrated HSBC's corporate culture of cultural sensitivity, tolerance to individual differences and acknowledgement of its customers' ethnic origins.[148]

The series of advertisements ran under the headline 'Never underestimate the importance of local knowledge' and the slogan 'The world's local bank'[149] (see Figure 2.20). The advertisements showed a number of cultural differences:

- Lucky numbers vary between cultures—seven in the USA, eight in China and nine in Thailand.
- Lucky flowers differ between the Scottish Highlands and Northern Vietnam.
- Toasting two beer glasses together is good luck in the USA and bad luck in Hungary.
- Green chillies and lemon chase off evil in India but ward off hunger in Mexico.
- The grasshopper is a pest in the USA, a pet in China and an meal in Northern Thailand.
- Chicken legs in China, fish tails in Netherlands and *escargot* (snails) in France are all delicacies.

- The wedding ring is on the toe next to the 'mother toe' on the left foot in some parts of India while it is on the second left hand finger in Canada.
- Fingers clasped together mean patience in Egypt, 'that's just perfect' in Greece and 'what exactly do you mean?' in Italy.
- Two feet on the table signify the person is relaxed in Britain but is considered rude in Thailand.
- A football has different shapes in the USA, UK and Australia.
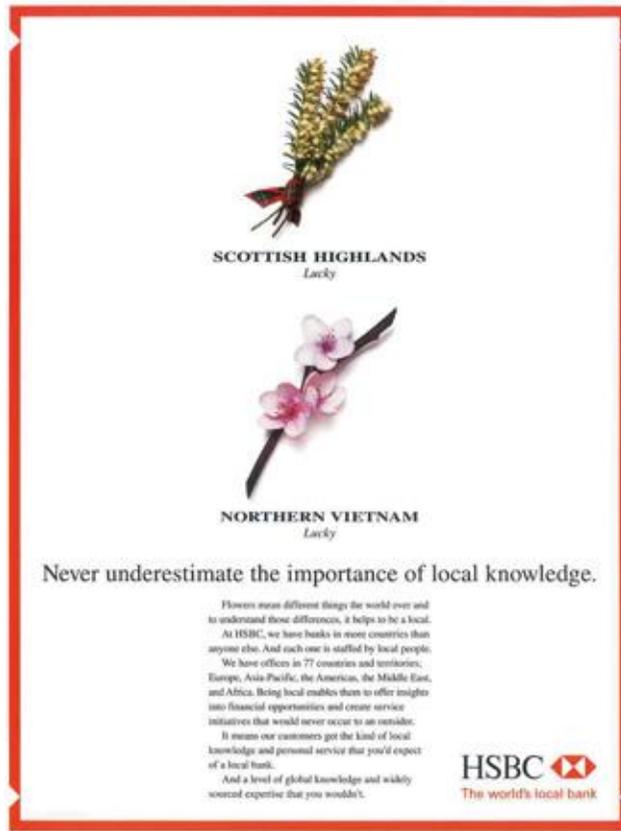


**FIGURE 2.20**
HSBC's culture campaign

## ETHNOGRAPHIC RESEARCH AND CULTURE

We've taken what was arguably the industry's most traditional market research organization and have turned it into a consumer understanding powerhouse.

For example, we've moved away from traditional focus group research and have increased our investment in immersive research more than five-fold.

> We're spending far more time living with consumers in their homes, shopping with them in stores, and being part of their lives. This total immersion leads to richer consumer insights and faster speed to market.[150]

The above quote by then Procter & Gamble Chairman Alan Lafley highlights the importance of **ethnographic research**, a qualitative in-depth process of face-to-face observation and interviewing in the consumers' environment to gain deep insights.[151] In an era where the internet provides 'virtual closeness', ethnography facilitates 'physical closeness', 'intimate investigation' and 'real social interaction' with consumers.[152] This section focuses on how some researchers and companies have used ethnographic research (also see Chapter 5 on motivational research).

## Research on ethnography

Several ethnographic research studies on consumer behaviour have focused on: university students and financial hardship in Australia;[153] the Sydney commercial electronic dance music scene involving DJs, industry personnel, media workers and promoters;[154] how families interact in the information age;[155] and the North American pornographic industry by examining the business-to-business segment.[156] Commercial and not-for-profit organisations also extensively use ethnographic studies, as discussed below.

### Procter & Gamble

Procter & Gamble (P&G) is a leading consumer packaged goods company with brands such as Pampers, Pantene, Pringles, Oral-B, Duracell, Olay, Head & Shoulders, Gillette and Braun. P&G considers the consumer as 'boss', using traditional face-to-face ethnography research as 'immersive research' to observe consumers at home, shopping or in innovation labs.[157] Its ethnographic programs that lead to new production innovations include 'Living It' (where P&G employees live, eat and shop with consumers) and 'Working It' (where staff work behind a shop counter).[158]

In India, ethnographic research enabled P&G to launch two products: low-price Tide Naturals for women who washed their clothes by hand and needed an effective laundry detergent that was gentle to their hands; and a low-cost Gillette Guard single-blade razor for men to shave outdoors easily and clean the blade with minimal water in rural areas.[159] In Mexico, P&G noticed that low-income women took six manual steps to wash in environments with limited hand-carried water, and so introduced Downy fabric softener in 2004 to reduce washing to three steps—wash, add softener and rinse.[160] P&G also created the Swiffer fast-cleaning mop (see Figure 2.21) when its ethnographic researchers observed consumers cleaning kitchen floors and spending a lot of time rinsing their mops.[161]

### UNICEF UK

The United Nations Children's Fund (UNICEF) is a global organisation to protect child rights. UNICEF UK found itself at the bottom of the table in child well-being measures

**FIGURE 2.21**
Actor Eric Stonestreet with the Swiffer Sweeper and Swiffer Wetjet at a 'Swiffer Effect' campaign event

in 2007 compared with other countries and commissioned a research company to find out why. There were two stages of the research covering Britain, Spain and Sweden:

1   An exploratory ethnographic study to observe the life of eight families in each country—the researchers spent about six hours per family watching, listening and filming to record behaviour, feelings and conversations.
2   Group and individual discussions with children aged 8–13 in seven schools per country—altogether there were thirty-six groups and twelve in-depth interviews across private and state schools in rural, suburban and urban locations.

The research recommendations included:

1   enhancing family time in UK culture
2   empowering parents
3   empowering children to be shrewd consumers
4   providing access to outdoor activities.[162]

## Intel

Intel uses ethnographic research to inform strategic planning. Initially, Intel used ethnography for new workplace markets, but from 1995 set up a business unit for home users of its products. Intel's ethnographers are able to understand how people live, such as teenagers who grew up with smartphones and older subcultures who adopted smartphones after personal computers. Ethnography is so beneficial at Intel that it has two dozen anthropologists and trained ethnographers on staff.[163] See Figure 2.22 on an Intel health care innovation.

**FIGURE 2.22**
Intel Health home monitoring devices like this one are produced after extensive ethno-graphical research



### Advertising agencies

BBDO Worldwide conducted an ethnographic study across twenty-six countries in 2007 involving 5000 consumers, plus psychologists and sociologists.[164] The study highlighted five rituals of consumers:

1   preparing for the day with seven sequential steps in one hour, such as brushing teeth, showering, breakfast, talking to family, checking email, shaving or making up and catching up with the news
2   feasting or bonding with a group in a restaurant, home or car
3   sexing up; that is the ritual of having sex in the evening, on the weekend or at an appointed time
4   winding down at home through a ritual of taking off shoes, catching up with the news, reading in the toilet, showering and changing to pyjamas
5   protecting self for the future or next day through a ritual of getting bags and clothes ready, switching off the computer, checking doors and windows, setting the alarm and taking medication.

International advertising agency Ogilvy & Mather had also appointed a cultural ethnographer in its Shanghai Discovery unit in 2010 to better understand Chinese society and hence facilitate the creation of more culturally relevant advertising. This Director of Ethnography works closely with the Regional Cultural Insights Director and the Discovery team to track evolving consumer culture.[165] In its 2013 study, *China Beyond—Change & Continuity*, Ogilvy's Discovery unit revealed the following:

•   Cities and towns such as Chengdu, Changsha, Shenyang, Sichuan, Hunan and Liaoning have become as important as the traditional first-tier cities such as Beijing, Shanghai and Guangzhou.

- E-commerce as a result of increased internet penetration has given more communities easier access to bigger brands.
- Cyber Monday deals attract shoppers from outer cities.
- More counterfeit brands have gone upmarket to target shoppers seeking luxury brands in smaller cities.[166]

## Variations of ethnography

Ethnography has been adapted to **netnography** to observe online communities faster, cheaper and more naturally than face-to-face ethnography.[167] This variation is also known as online ethnography, virtual ethnography or web ethnography.[168]

Another variation is **mobile ethnography**; for example, Kellogg's Special K in Britain documented the daily experiences of 'Wonder Women' non-users through a special smartphone app EthOS that enabled twelve participants over seven days to upload 429 messages, pictures and videos onto a specific website for the ethnographers to analyse and follow up. Discovering that daily routines influenced beauty, exercise and health regimes, researchers verified findings through online communities and tested eleven insights via quantitative research.[169]

Nokia, which conducts ethnographic research globally, has also combined mobile ethnography with **self-ethnography**, where consumer participants capture their behaviours through their mobile phones and participate in an online platform through photography and video uploads, SMS updates and reflections on the process (see Figure 2.23). Such a self-ethnographic research approach could be applied to product design and how consumers interact with retailers, decide to purchase and then use the product.[170]



**FIGURE 2.23**
Ethnography and the mobile generation

**netnography**
A variation of ethnographic research to observe online communities faster, cheaper and more naturally than traditional face-to-face ethnography (also known as online ethnography, virtual ethnography and web ethnography)

**mobile ethnography**
A variation of ethnographic research through the participation of mobile phone users

**self-ethnography**
A variation of ethnographic research where consumer participants capture their behaviours through their mobile phones and participate in an online platform through photography and video uploads, SMS updates and reflection on the process

## AUSTRALIAN RULES FOOTBALL CULTURE

Ever since Victorians started playing an ovoid-shaped football in 1858, enculturated Australians have been 'footy mad' between March and September each year, with some families supporting four or more different teams.

There are eighteen Australian Football League (AFL) teams in Australia, each with its own website, fan club, branded merchandise, mascot and team song. Team names are rich in metaphors: Adelaide Crows, Brisbane Lions, Carlton Blues, Collingwood Magpies, Essendon Bombers, Fremantle Dockers, Geelong Cats, Gold Coast Suns, Greater Western Sydney (GWS) Giants, Hawthorn Hawks, Melbourne Demons, North Melbourne Kangaroos, Port Adelaide Power, Richmond Tigers, St Kilda Saints, Sydney Swans, West Coast Eagles and Western Bulldogs.[171]

Many footy players are celebrity role models. The players conduct footy clinics for school children to get them into fitness and the footy culture. The AFL website features a Schools section to engage students through lesson plans, health and fitness features, a multicultural schools program to identify aspiring footy players, a female schools footy program and an AFL School Ambassador program to motivate teachers to promote the game in their community (see Figure 2.24).

**FIGURE 2.24**
AFL's multicultural promotion



Men, women and children cheer their teams on each week of the footy season. Some fans decked in club jerseys and scarves fly between cities just to watch their teams play. Some Australians who are working or travelling overseas watch on an international subscription service to support their teams: http://watchafl.afl.com.au. It is estimated that during the 2013 finals series, footy fans spent $370 million on liquor, visiting pubs, betting, barbecue appliances, television sets, domestic tourism and ticket sales.[172] An ethnographic study on

the role of alcohol among ninety-three South Australian fans in nine clubs described four types of drinkers: 'The Grog Squad', who indulged in excessive drinking; 'Drinkers', who consumed about the same alcohol amount on a typical weekend and a footy weekend; 'Deferrers', who deferred drinking until after the game; and 'Non-drinkers', who abstained from alcohol as a way of life.[173]

The footy season is big business when you add the seven million attendees during the premiership season, four million television viewers for the grand final, 800,000 domestic participants in the game each year, 700,000 footy club memberships and 120,000 international participants in various countries.[174]

## LINDA TANG

**Linda Tang works as global brand manager with Unilever in Singapore.**

I'm Australian-born Chinese and grew up in the best city in the world—Melbourne! I studied a Bachelor of Commerce degree, majoring in marketing at Monash University. I loved my years at university and was the Vice President of the Marketing Society. I'm currently residing in Singapore where I moved for my job. People describe me as optimistic, ambitious and an adventure seeker. I love life and all the opportunities it presents.

### How did your career start?

While studying at university, there were abundant opportunities presented and students were encouraged to take advantage of these. Open days for internships were the best networking events to explore the organisations and type of work that would suit your strengths. Internships are also the best way to get a 'feel' for the organisation without fully committing, so I would recommend them for everyone. I was lucky to have been offered an internship with P&G in Singapore, which was the first step in my career. After an insightful two months at P&G, I was offered a full-time position to come back as an assistant brand manager working for Gillette. I have now moved to Unilever as a global brand manager working in the shampoo category.

### What advice would you offer a student studying consumer behaviour?

There are so many paths that a consumer behaviour student could take in their career. I would advise students to understand what they enjoy about consumer behaviour and which part plays to their strengths—whether that's being inquisitive about consumers, analysing data or turning those insights into marketing plans.

### How important are consumer insights to what you do and to your organisation?

Consumer insights or what we call 'human truths' are at the core of everything we do at Unilever and

we would be lost without them. Every product or service in the world originates from an 'insight' and is created to serve a particular need. At Unilever we invest a significant amount to understand our consumers—what drives them, what are their insecurities, what are their needs—to really understand how we can better cater our products to them. These are all 'consumer insights'.

*What is the hardest decision you've had to make to date?*
We are faced with several decisions on a daily basis, but usually logic, data and instinct are the three ingredients to help us make a calculated decision. The hardest decision would have been when to withdraw a brand from a business. For example, Brand X was launched in Country X but after five years of trying everything under the sun, it was not sustainable and profitable for the company. But in a global team, it's important to focus on the big buckets where we are most profitable, so we decided to let that one go.

*How important is social media to you?*
Social media is a growing trend and we must not underestimate the power of social media, when done correctly. Word of mouth is probably one of the most powerful ways to recruit new consumers into your product, and social media makes word of mouth so much more efficient and global. However, it's important to find the right 'role' of your brand in your consumers' lives and use social media to enhance that. For example, if you sell batteries, you're not just going to talk about how awesome your batteries are on your Facebook page— people will be so bored! So how do you make your brand relevant in your consumers' lives where you can also add value?

*What has been your favourite project to work on?*
My favourite project has to be the launch of Clear Scalp & Hair Therapy shampoo in Australia and New Zealand. Launching a new brand is exciting as it's high risk and high reward. We also had Miranda Kerr as our endorser, whom I have admired for years. Meeting her was amazing!

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*
The increase of digital usage around the world makes consumers and shoppers more sophisticated than ever before. They are able to now research reviews at the store with their mobiles, or even purchase online with only a few clicks. I envision shopping in the future as being extremely convenient, and consumers could probably buy everything they needed without leaving the couch. We will have less time to communicate with shoppers in-store as they will be on the go, so our brands will have to be super-sharp and relevant to disrupt shoppers from their usual shopping journey.

## SUMMARY

This chapter focused on the influence of culture and subculture on consumer behaviour. The following is a summary of various concepts under stated learning objectives, with metaphors to illustrate each learning section.

1   Describe what culture means to you.
    Culture is like an abstract painting. It means different things to different people. A synthesis of formal definitions reveals that culture is about learned social habits and social values acquired throughout life. Hence, culture is a way of life.

2   Explain why culture is an evolving process.
    Culture is like your cumulative photograph collection. You appear differently in looks, hairstyles, clothing and activities as you grow through life. Hence, culture is an evolving process because we learn throughout our lives through socialisation, education, government in power, employment, media, technology, brands, travel and migration.

3   Differentiate between socialisation, enculturation, acculturation, Coca-colonisation, creolisation, ethnocentricism and xenophobia.
    Culture is like a long-running television show that entertains or bores you, leading to acceptance or rejection of cast members, episodes and messages. In a similar way, you learn through social interaction (socialisation), learn more about your culture (enculturation), learn about a foreign or new culture (acculturation), become exposed to Westernisation, Americanisation or globalisation (Coca-colonisation, or the spread of Western brand culture globally). Ultimately, you may accept the foreign culture and integrate into local culture (creolisation), judge a foreign culture and believe that your culture is more superior (ethnocentrism) or dislike a foreign culture (xenophobia).

4   List the subcultures that you belong to.
    Culture is like a restaurant's food buffet. You have the option to zoom in on a particular dish or a combination of foods. Similarly, you could describe your menu of subcultures by geography, ethnicity, language, gender, sexual orientation, age, marital status, education, occupation and religion. Marketers may choose to focus on your location or religion or a combination of your subcultures, such as age, gender and language.

5   Compare the cultural differences in Australasia and South-East Asia.
    Regional culture is like a fruit basket, floral bouquet or a gift hamper. Each metaphor symbolises a collection of diverse elements synergistically co-existing with each other, with individual elements still retaining their individual identities, such as orange, apple and pear. In the same way, there is a diversity of cultures in the Asia—Pacific region but there are common elements in the region, such as subcultures of religion, education, language and ethnicity. Many Asians have studied and travelled in Australia, and vice versa.

6   Discuss how ethnographic research provides insights into culture and subculture.
    Qualitative ethnography research is like a medical device that looks beyond the surface,
    such as X-ray machine or an endoscope. Ethnographic research, unlike focus group
    interviews, is an intensive immersion with consumers at home, in shops or in innovation
    labs. Companies have successfully used ethnography research to identify rituals and
    feelings of consumers and therefore develop new products to satisfy cultural needs; for
    example, Procter & Gamble and its Swiffer mop. With the internet and mobile technology,
    there are variations of ethnography, such as netnography, web ethnography, mobile
    ethnography and self-ethnography to uncover naturally occurring daily experiences,
    feelings and thoughts of consumers in a low-cost and speedy manner compared with
    traditional face-to-face ethnography.

## KEY TERMS

| | | |
|---|---|---|
| acculturation | Generation Z | power distance |
| Americanisation | glocolisation | Sandwich Generation |
| Baby Boomers | individualism–collectivism | self-ethnography |
| Boomerang Generation | indulgence versus restraint | showroomers |
| Coca-colonisation | latchkey generation | Silent Generation |
| creolisation | LGBT community | social habits |
| enculturation | long-term orientation | social values |
| ethnocentrism | masculinity versus | socialisation |
| ethnographic research | femininity | uncertainty avoidance |
| Generation X | mobile ethnography | xenophobia |
| Generation Y | netnography | |

## END-OF-CHAPTER QUESTIONS

1   How would you describe your culture?
2   What social habits and values have you acquired from a young age?
3   How has your culture changed over the years?
4   Which reality television shows do you follow and why?
5   What do you use the internet and your mobile phone or tablet for?
6   Which brands are your daily companions at home, at university and in your community?
    Why?
7   Which country, through your travel or general learning, has most impressed you? Why?
8   What are some marketing examples of creolisation and ethnocentrism in your country or
    culture?
9   How would you describe yourself in terms of subcultural elements?
10  Analyse the tourism campaign of Australia, New Zealand or an ASEAN country. What cultural
    and subcultural elements are reflected in the campaign of your choice?

11 Find other examples of marketers that have used ethnographic research successfully and discuss these in class. How did they use ethnographic research and what were the outcomes?

12 Which of the many industry examples presented in the chapter resonate with you? Why?

## FURTHER READING

Added Value: New study reveals significance of cultural relevance as predictor of brand success—

www.added-value.com/source/2012/05/does-culture-really-matter-new-study-reveals-significance-of-cultural-relevance-as-predictor-of-brand-success

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Cross-cultural consumer behavior: A review of research findings—

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Nielsen: The digital lives of power moms

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UNESCO: Culture—

www.unesco.org/new/en/culture/

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http://cus.sagepub.com

Ethnography—
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European Journal of Cultural Studies—
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Games and Culture—
http://gac.sagepub.com

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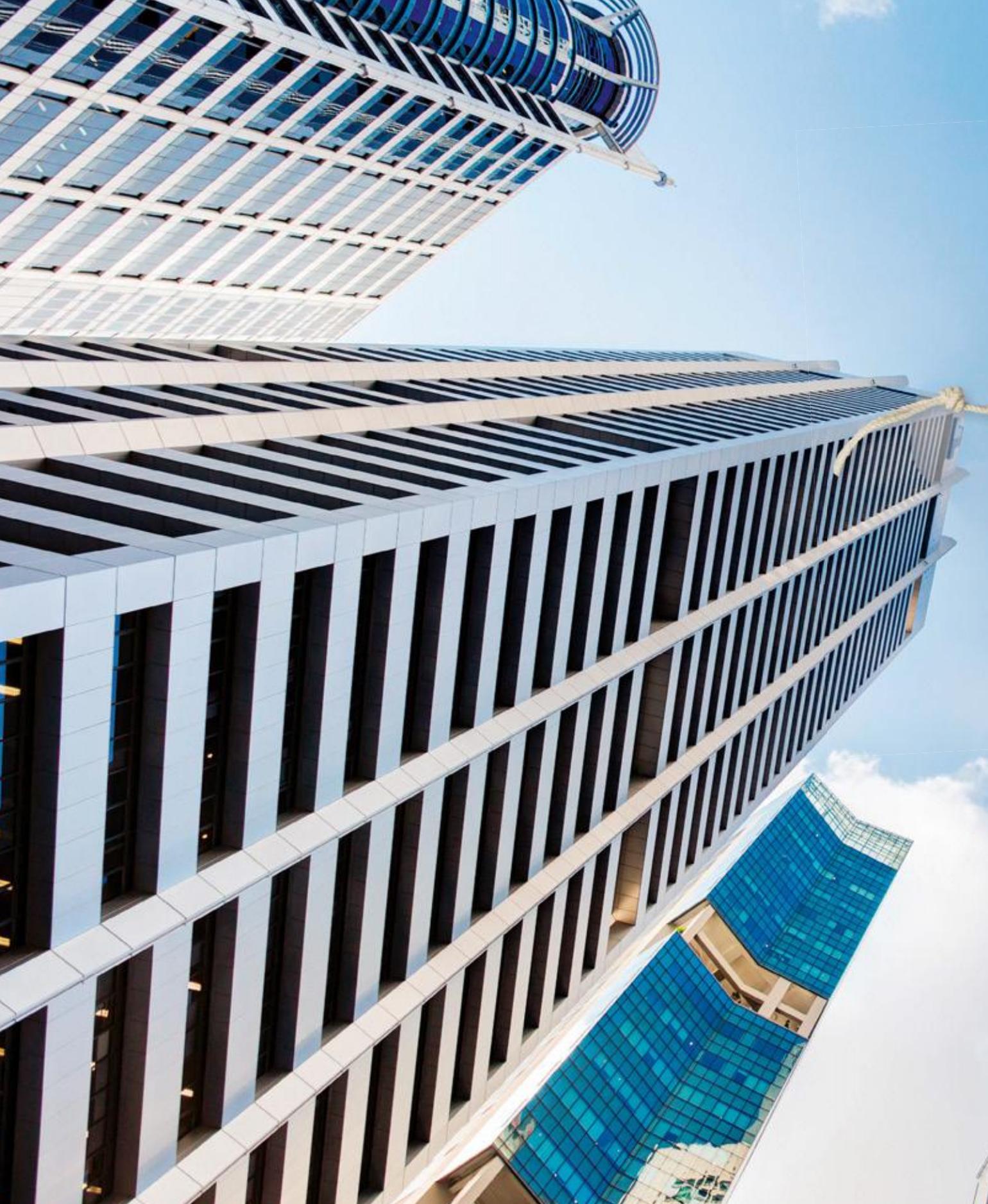
# CHAPTER 3

## SOCIAL CLASS AND CONSUMER BEHAVIOUR

Peter Ling

### LEARNING OBJECTIVES

After reading this chapter you should be able to:

1. explain social class
2. describe the social class categories
3. explain the variables that influence social class
4. discuss the measurement of social class
5. describe the various social class symbols
6. discuss how marketers engage with social class in your culture and subcultures.

## SOCIAL CLASS IN SINGAPORE

The wealthy city-state of Singapore is known for many things, but particularly its social class stratifications, and discussion of relative class often focuses on the 5Cs—car, condo, country club, cash and credit card.[1] Owning a Mercedes in Singapore could cost about S$310,000 (See Figure 3.1), while a Singapore condo with country club facilities in the city could cost a few million dollars. A golf country club membership in Singapore is perceived as a rich person's game compared with Australia, where golf is relatively cheap in green fees or club memberships and is enjoyed by many people.

Cash-rich Singaporeans often have cars with multiple stickers on the windscreen showing their club memberships. These Singaporeans are also serviced by private bankers and buy properties locally and abroad. Unlike Australia, many Singapore homes also have domestic maids to look after children, households and the elderly—some Singaporeans also bring their domestic maids to join in their overseas holidays. Whether for shopping in Singapore or abroad, rich Singaporeans often have several credit cards from different issuers such as the American Express Platinum Card, which is by invitation only.

Given this fixation with conspicuous consumption, there has been an attempt by government to refocus Singapore's 5Cs into non-economic variables, such as career, children, consideration, charity and comfort.[2]

**FIGURE 3.1**
Mercedes A45 AMG

## INTRODUCTION

Social class has many manifestations, such as a person's personal wealth and possessions, family background and culture, education, values, occupation, income, lifestyle, esteem and prestige. Social class manifestations also differ from country to country. This chapter addresses the following questions: What is social class? How is social class categorised? What variables influence social class? How is social class measured? What are the various social class symbols? How do marketers engage with social class to influence different cultures and subcultures?

## SOCIAL CLASS

Social class may seem to be a simple concept, but there are various definitions that encompass different aspects:

The relatively permanent and homogeneous divisions in a society into which individuals or families sharing similar values, lifestyles, interests, wealth, status, education, economic positions, and behavior can be classified.[3]

A status hierarchy by which groups and individuals are categorized on the basis of esteem and prestige.[4]

The hierarchical division of a society into relatively distinct and homogeneous groups with respect to attitudes, values and lifestyles.[5]

The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status.[6]

[T]he class or the overall rank of people in a society; people who are grouped within the same social class are approximately equal in terms of their income, occupations, and lifestyles.[7]

Explain social class.

What are the common themes from these definitions? Social class is your social standing or societal rank manifested by socioeconomic factors such as education, values, occupations, income, lifestyles, esteem and prestige.[8]

Karl Marx and Max Weber were two major contributors to the intellectual exploration of social class. Marx's theory focused on the distinctions between **proletariat**, or working class that provided labour, and the **bourgeoisie**, or the capitalist class who owned the means of economic production.[9] Weber's multidimensional theory posited that social class comprises economic, political and social status.[10]

Early sociological research studies on social class concentrated on discrimination, inequality and exploitation.[11] There were also sociological studies on caste and class,[12] social

**proletariat**
Karl Marx's name for the working class that provides labour

**bourgeoisie**
Karl Marx's name for the capitalist class that owns the means of economic production

class and community,[13] social class and adolescents,[14] and social networks and personal reputation.[15]

Marketers then began to look at various social class factors; for example, motivations,[16] consumption[17] and lifestyle.[18] Understanding the social class of consumers helps a company to decide on market segmentation and promote the right goods or services at the right prices, in the right places or channels, and with the right emotional and rational appeals. The visibility of social class products can also make other consumers aspire to owning such brands. One research study in Canada reported that higher social class women are prepared to travel further to buy dresses at shopping centres with social class appeal.[19] The next section begins the process of understanding the social class of consumers.

## SOCIAL CLASS CATEGORIES

Describe the social class categories.

Social class categories vary according to data resources and cultures. This section looks at World Bank country data, followed by classifications in key countries.

### Social class of countries

The World Bank classifies countries as low income, lower middle income, upper middle income and high income, based on gross national income per capita. Low income is below US$1035, lower middle income is US$1036 to US$4085, upper middle income is US$4086 to US$12,615 and high income is above US$12,616. Australia, New Zealand, Japan, Korea, Hong Kong and Singapore are all high income economies (See Table 3.1 for a selection of countries under the different World Bank classifications.).[20]

**TABLE 3.1**
World Bank income classifications

| LOW INCOME ECONOMIES | LOWER MIDDLE INCOME ECONOMIES | UPPER MIDDLE INCOME ECONOMIES | HIGH INCOME ECONOMIES |
|---|---|---|---|
| Afghanistan | Egypt | Argentina | Australia |
| Bangladesh | India | Brazil | Hong Kong |
| Cambodia | Indonesia | China | Japan |
| Ethiopia | Morocco | Malaysia | New Zealand |
| Kenya | Nigeria | Mexico | Singapore |
| Liberia | Pakistan | Peru | South Korea |
| Myanmar | Paraguay | South Africa | Sweden |
| Nepal | Philippines | Thailand | Switzerland |
| Uganda | Sri Lanka | Turkey | UK |
| Zimbabwe | Vietnam | Venezuela | USA |

### USA

Sociologists initially looked at two overall classes: the 'haves' or 'have nots', which can also be described as white-collar or blue-collar workers, and the business class or the working class.[21]

Warner's classic categorisation of social classes has six groups based on occupations, income, wealth, lineage, memberships, social skills and values. These categorisations are upper-upper, lower-upper, upper-middle, lower-middle, upper-lower and lower-lower.[22] Other researchers adapted or modified the classifications to include variables such as education, ownerships and interests. See Table 3.2 for the different classifications.

| WARNER | HODGES[23] | GILBERT–KAHL[24] | COLEMAN–RAINWATER[25] |
|---|---|---|---|
| Upper-upper | Upper | **Upper Americans:** Capitalist class Upper-middle class | **Upper Americans:** Upper-upper Lower-upper Upper-middle |
| Lower-upper | | | |
| Upper-middle | Upper-middle | **Middle Americans:** Middle class Working class | **Middle Americans:** Middle class Working class |
| Lower-middle | Lower-middle | | |
| Upper-lower | Upper-lower | **Marginal and lower Americans:** The working poor The underclass | **Lower Americans:** Lower group Real lower-lower |
| Lower-lower | Lower-lower | | |

**TABLE 3.2**
Social classes in the USA

Both the Gilbert–Kahl (1982) and Coleman–Rainwater (1978) classifications indicated that middle Americans formed about 65–70 per cent of society compared with 16–21 per cent of lower Americans and 14–15 per cent of upper Americans.

A more contemporary study, the Pew Research on Social & Demographic Trends, featured five sub-categories under three classifications: lower class (lower class and lower-middle class), middle class and upper class (upper-middle class and upper class). The Pew study revealed that in 2012 the lower-class category had increased compared with 2008, while the upper and middle classes had decreased (see Table 3.3).[26]

| SOCIAL CLASS | 2012 (%) | 2008 (%) |
|---|---|---|
| Lower | 32 | 25 |
| Middle | 49 | 53 |
| Upper | 17 | 21 |

**TABLE 3.3**
Social classes in the USA, 2008–2012

In the lower-class category of the Pew study, about 61 per cent reported that they grew up in the same social class, while nearly 40 per cent said they had moved downwards from middle- or upper-class households. However, the middle class was still the dominant category.

**cultural capital**
A British term to describe social connections and organised groups; also, a term by French sociologist Bourdieu to describe social class through cultural interests in books, concerts, museums, art, sport and theatre, as well as through social connections

## Great Britain

In nineteenth-century Britain, there were seen to be three classes: working, middle and upper.[27] In twentieth-century Britain, classification moved towards occupations, with five social classes or grades: professional occupations, managerial and technical occupations, skilled occupations (non-manual or manual), partly skilled occupations, and unskilled occupations.[28]

In twenty-first-century Britain, social classification shifted from a focus on occupation to **cultural capital** (social connections and organised groups), **economic capital** (wealth) and **social capital** (education, cultural activities and leisure time).[29] The cultural–economic–social capital classifications were used in the 2013 Great British Class Survey, which involved 160,000 participants. The survey identified seven social classes, with the middle-class categories remaining dominant (see Table 3.4).[30]

**TABLE 3.4**
Social classes in Britain

| SOCIAL CLASS | 2013 (%) | PROFILE |
|---|---|---|
| Elite | 6 | Wealthiest, social, cultural |
| Established middle class | 25 | Second wealthiest, social, cultural |
| Technical middle class | 6 | Distinctive, prosperous, use social media |
| New affluent workers | 15 | Social, cultural, middle in wealth |
| Traditional working class | 14 | Some financial security |
| Emergent service workers | 19 | Financially insecure but high in culture |
| Precariat | 15 | Poorest, limited cultural interest |

## Australia

Australia does not have the same deep interest in social class as in Britain. However, a 2013 Essential Vision report based on 1075 respondents revealed that 86 per cent of Australians believe that social classes still exist. The majority of Australians in the report also considered themselves as middle class.[31] The divisions were: upper class (2 per cent); middle class (53 per cent); working class (33 per cent); none (10 per cent) and don't know (3 per cent).

**economic capital**
A term for wealth

**social capital**
A term to describe education, cultural activities and leisure time

## China

A 2013 McKinsey report highlighted four social classes in China: affluent, upper middle class, mass middle class and poor. The projection is for the upper middle class to increase (see Table 3.5).[32]

**TABLE 3.5**
Social classes in China

| SOCIAL CLASSES BY INCOME | 2012 (%) | PROJECTED, 2022 (%) |
|---|---|---|
| Affluent | 11 | 25 (+127%) |
| Upper middle class | 20 | 56 (+180%) |
| Mass middle class | 54 | 14 |
| Poor | 16 | 5 |

## India

Similar to China's social class categories, another McKinsey report in 2007 described India's social classes by annual household income: globals (upper class), strivers and seekers (middle class), aspirers and deprived. Again, the middle-class segment was projected to increase from 5 per cent in 2005 to 40 per cent in 2025 (see Table 3.6).[33]

| SOCIAL CLASSES BY INCOME | 2005 (%) | PROJECTED, 2025 (%) |
|---|---|---|
| Globals (upper class) | <1 | 2 |
| Strivers (middle class) | 1 | 8 |
| Seekers (middle class) | 4 | 32 |
| Aspirers | 41 | 36 |
| Deprived | 54 | 22 |

**TABLE 3.6**
Social classes in India

Summarising this section on social class categories, there are many classifications from the World Bank and researchers in the USA, Great Britain, Australia, China and India. There are classifications by income, class segments such as middle class or upper class, and psychographic descriptions such as elite and precariat. The middle-class segment offers marketers huge opportunities for goods and services. It has been predicted that the middle-class segment in Asia will double from its current 30 per cent of the population to 64 per cent in 2030.[34] A 2008 book, *Patterns of Middle Class Consumption in India and China*, highlighted that this segment will be in the market for entertainment such as karaoke and soap operas, and leisure activities such as art and tourism.[35] However, the lower-class segment still needs the goods and services of marketers around the world. Lower-class consumers do not simply buy 'low cost' local generic brands but seek international brands with quality at competitive prices.[36]

### TATA NANO: THE WORLD'S CHEAPEST CAR

What do you do when you see a nuclear family in rural India straddling dangerously on a two-wheel scooter? You see an opportunity to switch them to a cheap four-wheel car. In 2009 the Tata Motors introduced the Tata Nano, the world's cheapest compact car priced around US$2000. And what if some consumers are still unwilling to take a bank loan? You allow them to pay by credit card. Tata had sold about 230,000 Nanos by 2013.[37]

These seem to be good sales figures, but they were miniscule in a country with the second largest population in the world. Sales declined because of poor safety ratings and its image as a poor person's car. Despite widespread poverty, rural Indians have higher aspirations just like everyone else. Now Tata is launching an 'awesome' best mileage small car, Nano Twist, priced slightly higher to include power steering and a digital music system to appeal to urban middle-class youth.[38]

It remains to be seen whether Tata Motors will be able to increase the perception of prestige of this car and make it more attractive to the masses. There is reason for optimism,

CONSUMER BEHAVIOUR IN ACTION

as Tata knows about premium brands, having bought the British luxury Jaguar and Land Rover brands, which sold over 425,000 cars worldwide in 2013.[39]

While the Nano and Nano Twist may appeal to first-time car buyers as well as car owners buying a second car for their children or parents, it appears that the car is a 'no-no' for Australia because of more stringent safety standards and higher consumer expectations.[40]



**FIGURE 3.2**
Tata Nano

## SOCIAL CLASS VARIABLES

Explain the variables that influence social class.

While social class has been portrayed as a multi-dimensional manifestation, this section looks individually at social class variables, such as lineage, education, occupation, income, wealth, residence and socio-cultural factors.

### Lineage

**ascribed status**
Status acquired through family heritage

**achieved status**
Status based on individual success

Some people are born into royalty; for example, Queen Elizabeth. Other people are born with a household name, such as Murdoch or Packer. Such a lineage carries an element of status in society. This **ascribed status** through family heritage is different from **achieved status** based on individual success.[41]

One British study of 30,000 people concluded that the **breastfeeding effect** does influence a child's social advancement—breastfed children were 24 per cent more likely to climb one social class when they grow older.[42] Another study concluded that 75 per cent of

British people believe that family background influences social class, while 65 per cent felt that social networks were more influential than knowledge.[43]

## Education

Where you study says a lot about your social class. That is why there have been reports about Chinese investors buying houses in Melbourne's prestigious school zones.[44] In England, Prince William and Prince Harry studied at Eton College, which had also educated 4 per cent of Britain's elite.[45] In Australia, the top high schools based on award-winning alumni are Melbourne's Scotch College and the Geelong Grammar School (where Prince Charles and Rupert Murdoch studied; see Figure 3.3).[46]



**breastfeeding effect**
A term used in a British study, where breastfeeding is believed to positively influence a child's social advancement

**FIGURE 3.3**
Geelong Grammar School

Holding a postgraduate qualification also elevates one's social status. There is obviously more prestige in having a Master of Business Administration (MBA) from Stanford University than a Bachelor's degree from a lesser institution.[47] An overseas education also enhances the value of graduates in the global economy.[48] Education can also increase the chances of **social mobility** from one social class to another.[49] This could enable a supermarket cashier to become a chief executive officer or a budding entrepreneur to become another Richard Branson of Virgin fame.[50] However, social mobility is not always upward, even with a good education, as some individuals may move downwards in social class through retrenchment, bankruptcy or migration to another country.

**social mobility**
The movement from one social class to another

## Occupation

Occupations contribute to income, prestige, power, aspirations, lifestyles and hence purchases. *Forbes Magazine* reported that the best jobs for graduates in 2013 were software developers; accountants and auditors; market research analysts and marketing specialists; computer systems analysts; human resources, training and labour relations specialists; network and computer systems administrators; sales representatives (wholesale and manufacturing, technical and scientific); mechanical engineers; and industrial engineers.[51] The rise of technology has led to the term **techno-class**.[52]

In Australia, high achievers with admirable qualities are known as 'tall poppies'. This term has given rise to the **tall poppy syndrome** (TPS) where less successful, envious people want to bring the 'tall poppies' down to the common level by demeaning them.[53] The TPS also exists within the entrepreneurial culture of New Zealand, with one study reporting that entrepreneurs tend to keep a low profile, do not boast about their business and do not flaunt their wealth.[54]

## Income

Income appears to determine the power to buy to express one's tastes. Although white-collar jobs are perceived to be more prestigious than blue-collar jobs, the latter could have high-income status in some sectors or countries. **Tradies** (skilled labourers; short for 'tradesmen') in mining-boom Western Australia were reported to earn four times more than counterparts in the USA or England.[55] Such high-income blue-collar workers are sometimes described as **cashed-up bogans** (also called 'CUBS' or 'executive plumbers').[56] Similar to the term 'chav' in Britain and 'white trash' in the USA,[57] the term 'bogan' entered the Oxford English Dictionary in 2012 as meaning 'uncouth or unsophisticated person, regarded as being of low social status'.[58]

Would a bogan once considered poor and now 'cashed up' be regarded as achieving higher social class? What if a heavily tattooed, high-school drop-out bogan owns a million-dollar home, $70,000 Chevy Ute, a $44,000 custom-built motorcycle and a $1200 pet Chihuahua and other luxury goods—a practice known as **conspicuous consumption**[59] Some scholars believe that economic capital or material success alone is insufficient to reflect social class, which would also include cultural competencies and formal education.[60] You may wish to research more on the concept of bogans, including the Australian television series *Bogan Pride* on SBS.

## Wealth

While some people inherit wealth or become rich through winning the lottery, most career people accumulate wealth through investments. Much like bogans, the **nouveau riche** or 'new rich' may have wealth and conspicuous consumption but are often seen to lack good taste.[61] In terms of extreme wealth, the USA has the most representatives in the Forbes list of the world's billionaires (see Table 3.7).[62]

| COUNTRY | NUMBER OF BILLIONAIRES |
| --- | --- |
| USA | 422 |
| China | 95 |
| India | 48 |
| Hong Kong | 38 |
| UK | 36 |
| Taiwan | 24 |
| Japan | 24 |
| South Korea | 20 |
| Australia | 18 |
| Indonesia | 17 |
| Malaysia | 9 |
| Philippines | 6 |
| Thailand | 5 |
| Singapore | 5 |
| New Zealand | 3 |

**TABLE 3.7**
Countries with the most billionaires

Many US billionaires are associated with famous brands, such as Bill Gates (Microsoft), Sergey Brin and Larry Page (Google), Jeff Bezos (Amazon), Mark Zuckerberg (Facebook), Phil Knight (Nike), Laurene Powell Jobs and family (Apple's Steve Jobs), Ralph Lauren (fashion designer), George Lucas (Star Wars), Fred DeLuca and Peter Buck (Subway) and Howard Schultz (Starbucks). Bill and his wife Melinda Gates were ranked as the number-one philanthropists in the 2013 *Forbes* list of the world's greatest philanthropists, having given away US$28 billion of their US$74 billion net worth.[63]

## Residence

Social class is also reflected in your suburb or street address. The most expensive street based on cost per square metre is Severn Road, The Peak, Hong Kong. The list of most expensive street address includes Kensington Palace Gardens in London (see Figure 3.4), Princess Grace Valley in Monaco, Fifth Avenue in New York and Wolseley Road in Sydney.[64]

## Socio-cultural factors

Social class is also influenced by one's lifecycle—from upbringing and education to occupation, marriage, parenthood and retirement.[65] Social class is reflected in your cultural interests, such as in books, concerts, museums, art, sport and theatre, as well as your social connections. As distinct from the British definitions discussed earlier in this chapter, French sociologist Bourdieu described these as cultural capital and social capital.[66] The values that you live by can also reflect your social status. You may be perceived to be of a lower class if you indulge in crime, drugs or undignified or disrespectful behaviour.[67]

Your social status can also be a reflection of the social groups that you belong to as a result of your education, occupation and lifestyle. One study found that social networks

**FIGURE 3.4**
Kensington Palace
Gardens: the most
expensive street
address in London



**cougar**
A term to describe an
older rich woman who
seeks younger men

**sugar daddy**
A term to describe an
older rich man who
seeks younger women

increase opportunities to meet **sugar daddies** (older rich men who seek younger women) or **cougars** (older rich women who seek younger men).[68] Belonging to wealthy social networks also brings the opportunity to build a public profile. For example, in its editions in Hong Kong, Macau, China, Taiwan, Singapore Malaysia, Indonesia, Thailand, Phuket, and the Philippines, *Tatler Magazine* features pictorial spreads of socialites at significant social events.[69]

In Korea, social class influences usage of online social networks and the purchase intentions of friends. One research study showed different usage of social networks across the following social status groups:

1   *Low-status group*. This group forms about 48 per cent of social network users but they interact minimally with members and have no impact on purchase patterns.
2   *Middle-status group*. This moderately connected group forms 40 per cent of social network users and members have a strong influence on purchases of friends who wish to 'keep up with the Joneses'.
3   *High-status group*. This well-connected group forms 12 per cent of social network users and members differentiate themselves by uploading their unique non-purchase lifestyle activities; hence they have a minimal impact on friends' purchases.

At the extreme end of the social class in India is a group called the 'Dalits', who account for about 16 per cent of India's population. They were previously stigmatised as the 'untouchables' in the traditional Hindu caste system because of poverty and their historical

association with 'impure' jobs such as toilet cleaning and waste removal. Despite the potential for upward social mobility through education, and the abolition of 'untouchability' under the Indian constitution, Dalits are still discriminated against.[70] Another traditional Indian practice, **endogamy** (marrying within the same clan), still exists although the practice is declining in modern India with **exogamy** (marrying outside the clan) now allowed in some social groups.[71]

**Heterogamy**, or marriage outside one's cultural group or social class, is becoming more common in many cultures. A Pew report in the USA revealed that Asians and Hispanics tend to have more intermarriages, with white–Asian couples having the highest combined incomes.[72] While there is the culture of women 'marrying up', such as Kate Middleton to Prince William,[73] there is also a trend of women 'marrying down' or marrying within the same social class (known as **homogamy**) due to education and income.[74] Homogamy is also known as 'assortative mating' or 'like marries like'.[75]

This section has highlighted that social class is influenced by lineage, education, occupation, income, wealth, residence and socio-cultural factors. Your social class is not made up by one dimension but by multi-dimensional factors. Marketers can decide which of these factors to target, such as those with ascribed status or achieved status, people living in prestigious school zones, postgraduates, entrepreneurs, tradies, bogans, the nouveau riche, billionaires, philanthropists, the culturally rich, and/or those in mixed marriages. The next section explores social class measurement.

**endogamy**
Marrying within the same clan

**exogamy**
Marrying outside the clan

**heterogamy**
Marriage outside one's cultural group or social class

**homogamy**
Marrying within the same social class (also known as assortative mating)

## BURBERRY RECOVERS FROM ITS CHAV IMAGE

In 1856, 21-year-old dressmaker Thomas Burberry started the brand that has come to be associated with explorers, aviators and Olympians.[76] Later, Burberry became associated with royalty through Queen Elizabeth, Prince Charles and the late Princess Diana. The company also expanded by selling manufacturing licences overseas and became known for its checked fabrics. Burberry was perceived as a premium and practical brand.[77]

Then something happened in the 1980s and 1990s. Working-class football fans, stigmatised as 'chavs', decided to adopt Burberry as its British symbol after being exposed to luxury brands in Europe. The brand's image was also tarnished when photographs showed a cocaine-addicted soap actress in Burberry clothes. Fake Burberry productions also damaged the brand image.[78]

Burberry had to act. The company recruited two US CEOs in succession to turn the company around. For better management control, they bought back their overseas licences, closed some factories, fired a design team in Hong Kong, brought Burberry fashion shows back from overseas to London, became more selective in their designs and targeted the young Millennial digital generation.[79]

The brand projected sophistication and class by associating with selected celebrities (see Figure 3.5), such as Kate Moss, Gemma Ward, Emma Watson and even David Beckham's son Romeo. It has engaged with Millennials through YouTube, where it has had 24 million video views; Facebook, where it has 15 million fans; Twitter, where it has two million

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followers; and Instagram, where it is the leading luxury brand. Burberry has recovered from its 'chav' image and sales have almost doubled since 2009.[80]

**FIGURE 3.5**
Burberry associates with actress Emma Watson



Discuss the measurement of social class.

**evaluated participation**
A Warner method of measuring social class, where participants are interviewed extensively about perceived reputations of people, and interaction patterns are then evaluated

**index of status characteristics**
A Warner method of measuring social class that maps out the socioeconomic factors of occupation, income source, housing type and dwelling location

## SOCIAL CLASS MEASUREMENT

Given there are so many variables, how does one measure social class? Not surprisingly, there are various views and methods. Marx theorised that social class had to be measured objectively through an economic focus, Weber gave equal emphasis to objective and subjective measures, and Warner advocated a subjective measurement of social class based on what people say.[81] This section looks at some of the measurement methods of social class by scholars and institutions including Warner, Hollingshead, Duncan, Cantril, MacArthur, NatCen in Britain and the Australian Bureau of Statistics.

### Warner

Warner had two methods of measuring social class: evaluated participation and the index of status characteristics. In **evaluated participation**, participants in small communities were interviewed extensively about perceived reputations of people and interaction patterns were evaluated.[82] The **index of status characteristics** maps out the socioeconomic factors of occupation, income source, housing type and dwelling location.[83]

## Hollingshead

Hollingshead started with Warner's subjective measures of social class by asking research respondents about other people's social standing, creating **social indices**. First he used a Three Factor Index of Social Position based on schooling, occupation and residence.[84] He then researched a Two Factor Index of Social Position that concentrated only on education and occupation.[85] Since social status is a multidimensional concept, Hollingshead developed the Four Factor Index of Social Status, which covers education, occupation, gender and marital status.[86]

In the four factor index, Hollingshead scored schooling on a seven-point scale from 1 (less than seventh grade) to 7 (graduate degree). See Table 3.8.

| LEVEL OF SCHOOL COMPLETED | SCORE |
|---|---|
| Less than seventh grade | 1 |
| Junior high school (ninth grade) | 2 |
| Partial high school (tenth or eleventh grade) | 3 |
| High school graduate | 4 |
| Partial college (at least one year) or specialised training | 5 |
| Standard college or university graduation | 6 |
| Graduate professional training (graduate degree) | 7 |

**TABLE 3.8**
Hollingshead's four factor index: scoring of formal education completed

For occupations, Hollingshead used a nine-point scale from 1 (farm labourer) to 9 (higher executive). See Table 3.9.

| OCCUPATIONAL CATEGORY | SCORE |
|---|---|
| Higher executives, proprietors of large businesses and major professionals | 9 |
| Administrators, lesser professionals and proprietors of medium-sized businesses | 8 |
| Smaller business owners, farm owners, managers and minor professionals | 7 |
| Technicians, semi-professionals and small business owners | 6 |
| Clerical and sales workers, small farm and business owners | 5 |
| Smaller business owners, skilled manual workers, craftsmen and tenant farmers | 4 |
| Machine operators and semi-skilled workers | 3 |
| Unskilled workers | 2 |
| Farm labourers and menial service workers | 1 |

**TABLE 3.9**
Hollingshead's four factor index: scoring for occupational categories

Hollingshead then calculated the status score of an individual by multiplying the scale values for occupation and education by weights of five and three, respectively (see Table 3.10). He divided the scores for a husband and wife by two to determine the family social status.

**TABLE 3.10**

Hollingshead's four factor index: example of a status score of an individual

| FACTOR | SCALE SCORE | FACTOR WEIGHT | SCORE X WEIGHT |
|--------|-------------|---------------|----------------|
| Occupation | 6 | 5 | 30 |
| Education | 5 | 3 | 15 |
| Total score | | | 45 |

The computed scores for the broad occupational groups ranged from a high of 66 to a low of 8, with dentists scoring the highest and labourers the lowest (see Table 3.11).

**TABLE 3.11**

Hollingshead's four factor index: computed scores for major occupational groups

| SOCIAL CLASS | RANGE OF COMPUTED SCORES |
|--------------|--------------------------|
| Major business and professional | 66–55 |
| Medium business, minor professional and technical | 54–40 |
| Skilled craftsmen, clerical and sales workers | 39–30 |
| Machine operators and semi-skilled workers | 29–20 |
| Unskilled labourers and menial service workers | 19–8 |

**Duncan Socioeconomic Index**

A method of measuring social class that scores occupational status from 0 to 100 by combining education and income levels of occupations listed in the 1950 US Census

A competing index to the Hollingshead four factor index is the **Duncan Socioeconomic Index**, which scores occupational status from 0 to 100 by combining education and income levels of occupations listed in the 1950 Census in the USA.[87] You may also wish to investigate other socioeconomic indexes, but it is important to note that occupational groupings vary in countries and are often updated; for example, the Australian Bureau of Statistics has a 2013 Australian and New Zealand Standard Classification of Occupations, which lists the following categories:[88]

1   managers
2   professionals
3   technicians and trades workers
4   community and personal service workers
5   clerical and administrative workers
6   sales workers
7   machinery operators and drivers
8   labourers.

**Cantril Self-Anchoring Scale**

A method of measuring social class where participants indicate, on a picture of a ladder, which step from 0 to 10 that they see themselves on currently and then five years later

## Cantril Self-Anchoring Scale

The **Cantril Self-Anchoring Scale** was initially introduced to assess well-being.[89] Respondents are shown a picture of a ladder with steps numbered 0 to 10. Respondents indicate which step they see themselves on currently and where they expect to be five

years later. The Gallup research company, which has been using the Cantril scale to measure the socioeconomic well-being of thousands of respondents in 150 countries, reported three psychographic categories of thriving, struggling and suffering, with strong correlations between well-being and income.[90]

Scholars have also used the Cantril scale to ascertain subjective social status: for example:

1   A 2003 study of 6981 London civil servants instructed respondents to put an 'X' on the ladder, which represented 'best off' or 'worst off' social standing in terms of education, job and income. The study found that respondents used socioeconomic criteria such as education, employment, income, financial security and standard of living to rank their subjective social status.[91]

2   A 2000 study of 157 US non-smoking women found that the subjective socioeconomic status score on the ten-point ladder scale was 6.8, which was influenced strongly by psychological and physical factors.[92]

3   A 2004 study of 1294 Americans with average age of 45.5 years found that respondents scored themselves 5.85 and 6.05 on the ten-point ladder scale on two occasions, indicating that small variations can occur, influenced by the particular personal circumstances on the day of the test.[93]

A variation of the Cantril Scale is the **MacArthur Scale of Subjective Social Status**, which asks people to place an X on the ladder in terms of how they see themselves against others in the USA and in their community[94] (see Figure 3.6).

**MacArthur Scale of Subjective Social Status**
A variation of the Cantril Self-Anchoring Scale, which asks people to place an X on the ladder in terms of how they see themselves against others in the USA and in their community



**Think of this ladder as representing where people stand in the United States.**

At the **top** of the ladder are the people who are the best off – those who have the most money, the most education and the most respected jobs.  At the **bottom** are the people who are the worst off – who have the least money, least education, and the least respected jobs or no job. The higher up you are on this ladder, the closer you are to the people at the very top; the lower you are, the closer you are to the people at the very bottom.

**Where would you place yourself on this ladder?**

Please place a large **"X"** on the rung where you think you stand at this time in your life, relative to the other people in the United States.

**FIGURE 3.6**
MacArthur Scale of Subjective Social Status

## NatCen

NatCen, Britain's independent social research company, has been measuring British social attitudes since 1983, surveying about 3000 respondents through random probability sampling to ensure an equal chance of participation and hence more representative results. The questions, many of which are repeated each year to track changes in attitudes, are asked face-to-face by interviewers and through a self-completion questionnaire using a Likert scale. The survey covers social class measures: socio-economic group, subjective perception of social class, and social class indicators such as education, economic activity, household income, housing ownership and union membership.

The face-to-face questions on social class include:[95]

1    To what extent do you think people are aware of social class differences in Britain today?
2    Do you think that in 10 years' time social class will be more or less important than it is now in affecting a person's opportunities, or will there be no real change?
3    To what extent do you think a person's social class affects his or her opportunities in Britain today?
4    Do you ever think of yourself as belonging to any particular class?
IF YES: Which class is that?
5    Most people say they belong either to the middle class or the working class. If you had to make a choice, would you call yourself middle class or working class?

Here are some of the findings on social class from the 2012 NatCen study:

- Sixty per cent and 33 per cent of respondents considered themselves as working class and middle class, respectively.
- Sixty-six per cent of respondents felt that social class affects individual opportunities.
- Social class had become less important in influencing liberal attitudes compared with ethnicity and religion.

## Australian Bureau of Statistics

The Australian Bureau of Statistics has developed the **Socio-Economic Indexes for Areas** (SEIFA) to rank geographic areas based on data from the 2011 Census of Population and Housing.[96] The four indexes are:

**Socio-Economic Indexes for Areas**
A method from the Australian Bureau of Statistics to rank geographic areas based on data from the 2011 Census

1    *Index of Relative Socio-Economic Disadvantage.* This highlights the most and least disadvantaged people and households in areas; for example, a low index score indicates many low-income households, no qualifications or low-skill jobs.
2    *Index of Relative Socio-Economic Advantage and Disadvantage.* This highlights the most disadvantaged and most advantaged areas in terms of economic and social conditions.
3    *Index of Education and Occupation.* This highlights educational and occupational levels, such as high or low qualifications, high or low skilled occupations and employment situations.

4   *Index of Economic Resources.* This highlights income variables and wealth variables, such as home rentals or home ownerships.

SEIFA can be used for strategic planning and marketing to identify geographic areas for cost-effective research, socio-economic situations, new outlets and targeted campaigns. For example, marketers may have direct marketing campaigns in the most advantaged areas of Peppermint Grove in Perth, Western Australia (see Figure 3.7) or Glen Iris East in Melbourne, Victoria.[97] The Index of Economic Resources could help a company identify high advantage areas and then decide on the most suitable locality for an outlet. Another corporation could use the Index of Relative Socio-Economic Disadvantage to pinpoint areas that need selected funding or services.



**FIGURE 3.7**
Peppermint Grove, Western Australia: an advantaged area

Summarising this section, there are various measurements of social class from scholars (Warner, Hollingshead, Duncan, Cantril and MacArthur), research companies and government agencies. Although you could evaluate a consumer's social class subjectively based on a person's perceived reputation of self or others, scales and scores are often used to measure social class variables objectively. Again, these measurements assist marketers to decide on segmentation by, for example, zones, home rental or ownership, housing type, relative advantage or disadvantage, occupational category and so on. The next section looks at status symbols as they relate to social class.

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## THE MOST SOUGHT-AFTER CHANEL

The Chanel brand is famous for its Chanel No. 5 perfume, although its US$4 billion in total sales also cover fragrances, clothes, handbags and watches.[98] The iconic perfume was created in 1920 when perfumer Ernest Beaux produced several scents and Gabrielle 'Coco' Chanel chose the fifth variant, comprising ingredients such as jasmine, rose and sandalwood, leading to the brand name Chanel No. 5.[99]

Since its initial illustrated advertisement in 1921, Chanel No. 5 advertising has featured celebrities including Marilyn Monroe, Ali MacGraw, Jean Shrimpton, Catherine Deneuve, Carole Bouquet, Estella Warren, Nicole Kidman and Brad Pitt (see Figure 3.8).[100]

**FIGURE 3.8**
Nicole Kidman and
Chanel No. 5
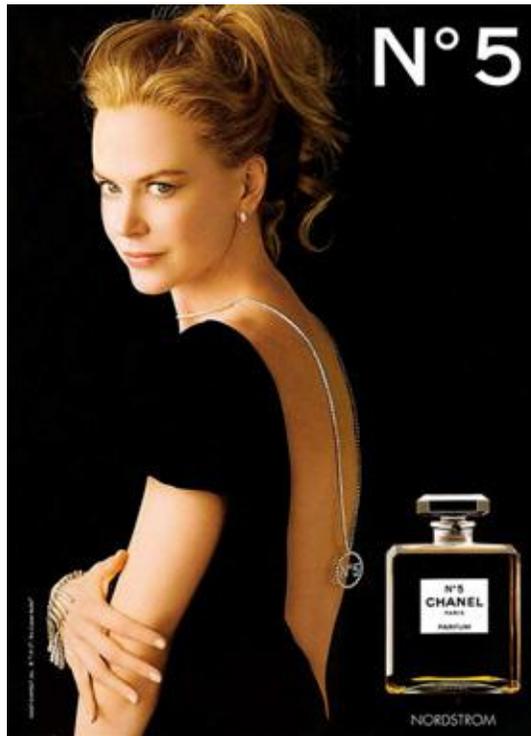


Chanel created a buzz in China in 2011 through its *Culture Chanel* exhibition over two months in the Museum of Contemporary Art in Shanghai, showcasing how orphan girl and founder Chanel created and developed the prestigious brand from 1909.[101] *Culture Chanel* then exhibited in the National Art Museum of China in 2012 in Beijing[102] and the Guangzhou Opera House in 2013 in partnership with the Guangdong Museum of Art.[103]

The *Culture Chanel* exhibition displayed 400 works from Chanel's archives, and museums and private collections, including a 1921 bottle of Chanel No. 5 perfume, a 1932 Chanel brooch, Chanel haute couture, Picasso paintings, vintage Chanel sketches and Chanel runway shows.

The low entry fee enabled many Chinese to attend the exhibitions, resulting in thousands of micro blogs and social media discussion, which further enhanced the image of the Chanel brand. A 2013 report indicated that Chanel had overtaken Louis Vuitton as China's 'most sought-after global luxury brand'.[104]

## STATUS SYMBOLS

Social class symbols vary across countries. This section briefly looks at skin colour as a status symbol and then at other reflections of status in selected countries and globally.

### Status in skin colour

In some cultures being fair or tanned can indicate your social class.[105] In Britain and Europe, fair skin was traditionally associated with the aristocracy, while tanned skin was equated with outdoor workers—until fashion icon Coco Chanel made tanned skin a status symbol for holiday travellers and beach enthusiasts in 1923.[106] However, in recent decades the danger of skin cancer has led Cancer Council Australia to run campaigns to get the public to 'Slip, Slop, Slap'—slip on a shirt, slop on sunscreen and slap on a hat.[107] In 2010, the Cancer Institute NSW won an international award for its campaign 'There's nothing healthy about a tan'.[108]

Since fair skin is a status symbol in Asia, the skin whitening market is very lucrative. and is estimated to grow to about US$20 billion by 2018, primarily from India, China and Japan.[109] Hindustan Unilever's Fair & Lovely, positioned as 'the world's first skin lightening brand', has about 60 per cent share of the skin whitening market in India (see Figure 3.9). Procter & Gamble's Olay brand lags far behind with about 6 per cent market share.[110]

### China

China is a huge market for luxury purchases, and status symbols come in different forms. The wealthy are increasingly buying private jets as status symbols;[111] Rolls Royce and Mercedes-Benz cars, Armani suits, Rolex watches and Apple iPhones;[112] art at international

Describe the various social class symbols.

**FIGURE 3.9**
Unilever's Fair & Lovely skin lightener

auctions;[113] Steinway grand pianos and Ferrari cars;[114] custom-built Bufori cars with pearls and safety vaults, and $1.5 million Tibetan mastiff puppies (See Figure 3.10).[115]



**FIGURE 3.10**
A Tibetan mastiff puppy as status symbol

Status is also relative. Some Chinese regard overseas travel as a status symbol, with photographs as part of status conversations[116] and stories about, for example, the prestige of meeting Prince Albert of Monaco or having VIP tickets to a LA Lakers basketball game.[117] Other Chinese buy high-end Alex Moulton bikes as status symbols for nostalgic reasons.[118] Starbucks may not have a prestigious association in Western countries, but it is regarded as a status symbol in China because it is a US brand offering an upmarket atmosphere.[119] French Bordeaux red wines are also considered to be status symbols.[120]

## Other parts of Asia

In Singapore, a super-yacht has become a new status symbol of the mega-rich[121] and exclusive social escorts have been used to flaunt status at corporate functions or personal events.[122] In Vietnam, the Apple iPhone is a much sought-after status symbol.[123] In Lebanon, maids as status symbols for the upper class and middle class come from Bangladesh, Ethiopia, the Philippines and Sri Lanka.[124] In India, the rich buy island homes as new status symbols.[125]

## Global luxury brands

Luxury brands also reflect a person's actual or aspired status. Global luxury goods sales in 2013 exceeded US$318 billion, with growth in markets such as India, China, Indonesia and Malaysia.[126] The World Luxury Association published a ranking of global luxury brands for various categories based on market share, consumer feedback and global influence (see Table 3.12).[127]

| RANKING | FASHION | COSMETICS | WATCHES | JEWELLERY | CARS |
|---------|---------|-----------|---------|-----------|------|
| 1 | Hermes | Chanel | Patek Philippe | Cartier | Rolls-Royce |
| 2 | Chanel | Christian Dior | Vacheron Constantin | Van Cleef & Arpels | Bentley |
| 3 | Louis Vuitton | Guerlain | Piaget | Boucheron | Ferrari |
| 4 | Christian Dior | Givenchy | Jaeger-Le Coultre | Harry Winston | Lamborghini |
| 5 | Ferragamo | Helena Rubinstein | Audemars Piguet | Chaumet | Maserati |
| 6 | Versace | Sisley | Blancpain | Kloybateri | Aston Martin |
| 7 | Prada | La Prairie | Rolex | Bulgari | Bugatti |
| 8 | Fendi | La Mer | Breguet | Montblanc | Spyker |
| 9 | Giorgio Armani | Lancome | IWC | Tiffany & Co | Pagani |
| 10 | Ermenegildo Zegna | Biotherm | Franck Muller | Mikimoto | Koenigsegg |

**TABLE 3.12**
Top luxury global brands, 2013

In summary, there are too many status symbols to list in this section, as popular brands and status symbols vary from country to country and by sources of report. Status can be reflected in skin colour, having a domestic maid, a social escort or an exclusive pet, purchasing an island, overseas travel with prestigious experiences, and purchases of luxury brands. This is why airlines have first-class cabins, credit card companies issue platinum cards and Melbourne's Crown Casino has the Black Card (by invitation only). The next section looks at marketing strategies to tap into consumers' diverse status manifestations.

## CARTIER: LUXURY MARKETER OF THE YEAR, 2012

French jeweller Louis Francois Cartier founded his company in 1847. Cartier is now the world leader in the jewellery segment with over 300 boutiques globally and US$4 billion in total sales.[128]

The Cartier brand is synonymous with exclusive heritage and craftsmanship, with its product range covering jewellery, timepieces, engagement rings, wedding bands, fragrances, and accessories such as leather goods, eyewear, writing instruments and home decor.[129]

Cartier targets an elite class through prestigious publications such as *The Economist*, *Vogue* and *Vanity Fair*. It celebrated its 165th anniversary in 2012 with a three-and-a-half minute television commercial 'L'Odyssee de Cartier' that traced its European royal clientele (see Figure 3.11). It won the Luxury Daily's 2012 Luxury Marketer of the Year.[130]

Recognising the importance of its female market, Cartier partnered with the Women's Forum, McKinsey & Company and INSEAD Business School in 2006 to introduce the Women's Initiative Awards, a business plan competition to encourage start-up entrepreneurial projects that have strong growth potential and social impact.[131]
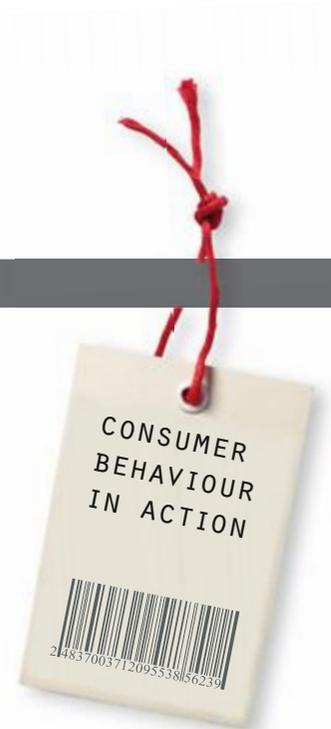
CONSUMER BEHAVIOUR IN ACTION

**FIGURE 3.11**
Cartier's 'L'Odyssee de
Cartier' advertisement

There are two rounds to the yearly competition: Round 1 involves a jury reviewing the brief business plans and selecting three projects from each of the six global regions. Experienced business people then coach the finalists to prepare them for Round 2 in France, which involves project presentation and a detailed business plan to the jury. A winner from each region receives $20,000 funding, coaching for a year and networking opportunities. The 2013 winners came from Guatemala, India, Ireland, Jordan, Nigeria and USA.

The Richemont corporation now owns Cartier as well as IWC, Jaeger-LeCoultre, Montblanc, Paneral, Piaget, Vacheron Constantin and Van Cleef & Arpels.[132]

## MARKETING SOCIAL CLASS

Marketers have different strategies to meet the diverse status needs of consumers. This section examines some of the strategies: fighting fakes, masstige, going premium, collaboration, segmentation and being alert to trends.

### Fighting fakes

A major problem of luxury brands is fighting fake imitations worth about US$600 billion yearly.[133] The Comite Colbert group, comprising seventy-five French luxury brands including Cartier, Chanel, Dior, Remy Martin and Louis Vuitton, has run campaigns in European airports to discourage consumers from buying fake clothes, cosmetics, leather goods, perfumes and sunglasses[134] (see Figure 3.12).

Fashion brands have also taken tough actions against the illegal operators of fake products. Louis Vuitton, which is popular among celebrities, won a court case against an Australian retailer for importing fake Louis Vuitton sunglasses from China,[135] while Hermes won a case against thirty-four websites selling fake Hermes handbags.[136]

### Masstige

Prestigious luxury brands have increased sales by appealing to mass markets—hence the term **masstige** (or mass prestige)—with BMW, Ermenegildo Zegna, Mercedes-Benz and Tiffany offering affordable brand extensions.[137] Other examples of masstige brands are

Discuss how marketers engage with social class in your cultures and subcultures.

**masstige**
A term meaning 'mass prestige', where prestigious luxury brands have increased sales by appealing to mass markets

**FIGURE 3.12**
Comite Colbert poster against fake luxury products

Armani Exchange from Emporio Armani, Miu Miu from Prada and Versus from Versace;[138] Louis Vuitton's handbags for young girls (see Figure 3.13);[139] and Swarovski's fashion jewellery brand Lola & Grace to target teenagers.[140]

Some masstige is achieved through distribution to mass retail outlets. The Stella McCartney prestigious fashion brand has sold its more affordable collections in Target department stores.[141]



**FIGURE 3.13**
Angelina Jolie in an advertisement for Louis Vuitton

Unfortunately, masstige has made some brands too popular, overexposed and less exclusive; hence some wealthy Chinese now prefer the more exclusive handmade, premium-priced Hermes handbag over Louis Vuitton and Gucci products.[142] Some scholars have reported that the masstige strategy could work by not making the brand widely accessible, having an adequate price premium, showcasing well-known designers, running seasonal fashion shows, retailing in prestigious stores and advertising in glamorous magazines.[143]

## HERMES AVOIDS MASSTIGE

CONSUMER BEHAVIOUR IN ACTION

Thierry Hermes started creating luxury harnesses in Paris in 1837 for European noblemen and the elite. It introduced accessories and leather handbag in the 1920s, scarves in the 1930s, and silk ties and perfumes in the 1940s. Its handmade Kelly bag was named after actress Grace Kelly, while its popular Birkin bag, priced from $9000 to $170,000, came from actress Jane Birkin as part of its celebrity-association strategy.[144] Hermes has avoided masstige to retain its exclusive appeal, preferring to employ more artisans to produce its Birkin bags.[145]

Acknowledging the massive China market, Hermes launched a Chinese luxury brand Shang Xia in Beijing in 2008, Shanghai in 2010 and then Paris in 2013. Shang Xia, a Mandarin phrase for 'up-down' that reflects yin-yang harmony, combines traditional techniques with modern design to preserve China's heritage crafts and appeal to middle- and upper-class Chinese who value historical craft.[146]

Shang Xia boutiques sell products such as a cashmere felt coat (see Figure 3.14), Ming Dynasty-inspired wooden furniture and a porcelain tea service.[147]

**FIGURE 3.14**
Shang Xia cashmere felt coat



Hermes has its share of problems in China, such as combating fake Hermes purses.[148] While Hermes had registered its English language name in China in 1977, it is unable to use its Chinese equivalent because a garment company had registered a similar sounding name earlier.[149]

## Going premium

While some prestigious brands are embracing the mass market, other mass brands are moving upmarket; for example, Lexus from Toyota, Infiniti from Nissan and Genesis from Hyundai.[150] General Motors decided to position its Opel car in Europe as a premium brand, but below the prestigious status of rivals such as Audi, BMW and Mercedes-Benz.[151]

The LVMH Group, a luxury brand conglomerate, has steadily been acquiring famous fashion and leather goods brands such as Louis Vuitton, Celine, Loewe, Kenzo, Givenchy, Marc Jacobs, Fendi and Donna Karan; prestigious perfumes and cosmetics brands such as Christian Dior, Guerlain, Parfums Givenchy, Kenzo Parfums, Perfumes Loewe and Fendi Perfumes; watches and jewellery brands such as Tag Heuer, Hublot, Bulgari and De Beers; and wines and spirits brands such as Dom Perignon, Veuve Clicquot, Hennessy and Möet & Chandon (see Figure 3.15).[152]



**FIGURE 3.15**
Möet & Chandon from the LVMH Group

## Collaboration

A popular strategy is also to collaborate with another luxury brand. Premium car maker BMW partnered with grand piano maker Steinway & Sons to launch a limited edition BMW 7 Series with piano keyboard design, piano lacquer sheen surface, Steinway gold lettering on the headrests and chrome strip, and unique Steinway piano recordings in the BMW audio system[153] (see Figure 3.16).



**FIGURE 3.16**
BMW and Steinway 7 Series collaboration

Luxury Japanese car maker Infiniti partnered with Swiss watchmaker Bell & Ross to produce a limited edition BR02-8 Infiniti Carbon Base Purple 8 Pro Dial wristwatch for sale in Infiniti centres worldwide.[154] Virgin Atlantic has Swarovski crystals encrusted in its upper-class suite walls and A330 aircraft suite.[155] The Fairmont Hotels & Resorts group has given bonus points to its Fairmont President Club members who are also frequent flyers of Air Canada, American Airlines, British Airways and Lufthansa.[156]

## Segmentation

Marketers also segment by social class variables such as education, occupation, income, age, residential area and other socioeconomic factors. For example, higher education academic jobs often require the completion of a doctorate, while WorkSafe Victoria runs campaigns about workplace safety featuring factory and building workers[157] (see Figure 3.17).

**FIGURE 3.17**
WorkSafe poster



Credit card companies also segment by income, age (minimum 18 years old) and socioeconomic factors (for example, a citizen or permanent resident with no bad debt). American Express issues its own cards as well as co-brands with David Jones and Qantas. Its Platinum Card is for people with a personal gross pre-tax annual income of at least $100,000; the David Jones American Express Platinum Card and Qantas American Express Ultimate Card are for people with income of $65,000 or more; and the American Express Business Card is for people with income of $24,000 or more.[158]

Marketers also segment by residential area; for example, property developers have been targeting the Southbank area in Melbourne by building high-rise apartments such as the Eureka Tower. Southbank's cultural hub includes the Australian Centre for Contemporary Art, Melbourne Arts Centre, Melbourne Exhibition Centre and National Gallery of Victoria.[159]

## Being alert to trends

Two professors identified seven global luxury trends that could be considered as part of marketing strategies to tap social class:[160]

1  *Emergence of Chinese clients*. Chinese consumers are everywhere; in main, second- and third-tier cities as well as overseas. Some Chinese consumers are now looking beyond brand logos and prefer exclusivity, quality customer sales service and luxurious experiences such as wine tasting.

2  *Localising marketing strategies*. The luxury market is booming in Asia, Brazil, India and the Middle East, with localised strategies required; for example, leveraging celebrities of soap operas in Brazil and private sales or fashion shows for Korean consumers.

3  *Digital everywhere*. Luxury consumers in many markets are now younger and more tech-savvy; hence there is a need to connect with them through smartphones, tablets, social networks and blogs.

4  *Dealing with the happy few*. The increased 'Billionaires', Club' looks for hyper-luxury products and services such as private jets, space travel and specially designed wristwatches.

5  *Sustainability goes mainstream*. Environmental sustainability is an issue and luxury brands could take a more strategic lead; for example, fashion brand Osklen has used fish leather, natural latex and organic wool for its fabrics.[161]

6  *Consolidation*. Luxury marketers need to be more effective and efficient in a competitive marketplace; for example, the Swatch watch company bought the luxury jewellery and watch brand Harry Winston.

7  *Luxury value propositions*. Marketers may look to heritage, the future and East–West linkages, such as the global expansion of Mandarin Oriental Hotel and the use of East–West 'celebrity fans', such as actors Michelle Yeoh and Helen Mirren, in its advertising campaigns (see Figure 3.18).



**FIGURE 3.18**
Mandarin Oriental's celebrity fan

In summary, marketers tackling social class factors have many potential strategies and challenges: fight counterfeit brands, balance masstige and exclusivity, consider going upmarket, segment by variables, collaborate with other luxury brands, consolidate effectively and efficiently, leverage heritage or diversity, target fewer big spenders, localise strategies, incorporate environmental sustainability, go digital and be alert to numerous trends in the global luxury market.

PRACTITIONER
PROFILE

2  071473 968010  >

## JODIE SANGSTER

Since 2011, Jodie Sangster has been the CEO of Australia's Association for Data-driven Marketing and Advertising (ADMA) and Chair of the International Federation of DMAs. She began her career as a lawyer in London specialising in data protection, joining the UK Direct Marketing Association in 1998, where she was responsible for managing UK and European regulatory issues.

In 2001, she moved to Australia to work as ADMA's Director of Legal and Regulatory Affairs, playing a significant role in developing key marketing legislation and standards. From 2007 to 2011, she worked in New York as the Senior Vice President of Global Development for the Direct Marketing Association, developing programs aimed at advancing and promoting direct and digital marketing on an international scale. Jodie holds a Bachelor of Law degree from Kingston University London and a Master of Laws from University College London, and is a qualified lawyer in both England and Australia.

### How did your career start?

I began my legal career as a data protection lawyer because I was interested in how organisations could use data responsibly to drive their business outcomes. I used my degree and experience to advise businesses on privacy laws and the responsible use of data to better communicate with customers. I also worked with various governments to build confidence in their local marketing communities.

### What advice would you offer a student studying consumer behaviour?

What consumers say they are going to do and what they actually do are two different things. Truly understanding consumer behaviour in the future is going to be about using real-time data and analytics to get at the truth of what consumers are really going to do. I would urge students to understand data and analytics, and to particularly understand big data. If they have those skills, they will certainly be in demand in the job market.

### How important are consumer insights to what you do and to your organisation?

Consumer insights are really important to marketers. This is on an aggregate level but increasingly it will become personalised. You want to take customers on a personal journey that's relevant to them and be with them all the way—acquisition, loyalty, retention etc. You want to respond to them in real time as well. This is what we represent at ADMA.

*What is the hardest decision you've had to make to date?*

It was putting my career ahead of my personal life. I left New York where I had a good job, a relationship and wonderful friends to return to Australia to take on the ADMA CEO role. I wanted the job because there was such scope and variety in the role and the opportunity to make a difference. But I had to sacrifice aspects of my personal life to make the move. But in saying that it was a hard choice, it was also the right choice. I have made the most of this decision. I love my job at ADMA as well as the Australian lifestyle. I have reconnected with old friends from my previous time in Australia and made new ones so it has worked out very well. I also get to be a bit of a global citizen as ADMA CEO. I travel to New York and London a couple of times a year for meetings and arrange catch-ups with friends and family while there.

*How important is social media to you?*

Social media is extremely important for me to build my personal brand. I use Facebook and Instagram for fun and to keep in touch with friends and family. I use Twitter and LinkedIn regularly for work and personal brand building. My favourite app is Newsle, which lets me see what my network is up to and they can see what I've been doing.

On the business side, it is critical for ADMA to use social media on a daily basis to let our members and the marketing and advertising community at large know about our many initiatives in education, networking and regulatory affairs. Social media for us is also about getting people, at all levels across the industry, to connect with ADMA.

*What has been your favourite project to work on?*

Without a doubt, the repositioning and rebranding of ADMA in 2012. We took the tired Australian Direct Marketing Association brand and transformed it into the Association for Data-driven Marketing and Advertising. The marketing and advertising landscape had changed dramatically and we needed to change with it. The Association for Data-driven Marketing and Advertising better encapsulates our mission to be accountable, measurable and customer-centric, regardless of the channel used. We are now focused on the discipline. A key result of the rebrand was the doubling of the number of companies who now work with the association and are members. They see value in what we are doing now.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

An increasing percentage of customer communications will be via mobile to reach people on the go, anytime, anywhere with real-time response. This includes connecting with customers via their mobile devices, their tablets and wearable technology like Google Glass and smart watches. Also social media is changing how people behave online. Businesses will have to be honest and transparent because the word will spread like wildfire if they are not. There's no hiding anymore.

## SUMMARY

This chapter has covered concepts on social class, categories, variables, measurement, symbols and marketing strategies. The key concepts are summarised according to the learning objectives established at the beginning of the chapter, with the use of metaphors to synthesise each learning outcome.

1   Explain social class.

Social class is like the emblem on your school or club jersey. It is your social standing or societal rank manifested by socioeconomic factors such as education, values, occupations, income, lifestyles, esteem and prestige. Karl Marx and Max Weber were two major contributors to social class. Early sociological research studies on social class concentrated on discrimination, inequality and exploitation. Marketers then began to look at various social class factors such as motivation, lifestyle and consumption. Understanding the social class of consumers helps marketers to decide on appropriate strategies.

2   Describe the social class categories

Social class categories are like a polygon with diverse structures. There are many classifications from the World Bank and researchers in the USA, Britain, Australia, China and India. Classifications include income, class segments such as middle class or upper class, and psychographic descriptions such as elite and precariat. The global middle-class segment offers marketers huge opportunities for goods and services. It has been predicted that the middle-class segment in Asia will double from its current 30 per cent of the population to 64 per cent in 2030. However, the lower-class segment still needs the goods and services of marketers around the world; not necessarily 'low cost' local generic brands but rather quality international brands at competitive prices.

3   Explain the variables that influence social class.

Social class variables are like a kaleidoscope with constantly changing interacting patterns of lineage, education, occupation, income, wealth, residence and other socio-cultural factors. These variables that influence social class constantly change with generations, life cycles and technological advances. Marketers can decide which of these factors to target, such as those with ascribed status or achieved status, people living in prestigious school zones, postgraduates, entrepreneurs, tradies, bogans, the nouveau riche, billionaires, philanthropists, the culturally rich, and/or those in mixed marriages.

4   Discuss the measurement of social class.

The measurement of social class is like using different measuring instruments, because there are various methods for measuring social class. Marx theorised that social class had to be measured objectively through economic focus, Weber gave equal emphasis to objective and subjective measures, Warner advocated a subjective measurement of social class based on what people say, Hollingshead had two-, three- and four-factor models of measurement, Cantril had a ladder approach, and research companies or government bodies have their own methods of measuring social class. Although you could evaluate

a consumer's social class subjectively based on a person's perceived reputation of self or others, scales and scores are often used to measure social class objectively. These measurements assist marketers to decide on segmentation by, for example, zones, home rental or ownership, housing type, relative advantage or disadvantage, occupational category and so on.

5   Describe the various social class symbols.
Status symbols are like cultural artefacts that vary from country to country. Status can be reflected in skin colour, having a domestic maid, a social escort or an exclusive pet, purchasing an island, overseas travel with prestigious experiences, and purchases of luxury brands. Airlines have First Class, credit card companies issue Platinum card and Crown Casino has the Black Card by invitation only.

6   Discuss how marketers engage with social class in your culture and subcultures.
Social class marketing strategies are like project planning with different simultaneous onward and back-up plans. They include fighting fakes collectively and independently, pursuing masstige (mass prestige) through affordable brand extensions or mass distribution, going premium with brand extensions or premium brand acquisitions, collaborating with prestigious partners, segmenting by variables, and being alert to trends such as changing markets, changing tastes and changing technology.

## KEY TERMS

achieved status
ascribed status
bourgeoisie
breastfeeding effect
cashed-up bogans
Cantril Self-Anchoring Scale
conspicuous consumption
cougar
cultural capital
Duncan Socioeconomic Index
economic capital

endogamy
evaluated participation
exogamy
heterogamy
homogamy
Index of Status Characteristics
MacArthur Scale of Subjective Social Status
masstige
nouveau riche

proletariat
social capital
Socio-Economic Indexes for Areas
social indexes
social mobility
sugar daddy
tall poppy syndrome
techno-class
tradies

## END-OF-CHAPTER QUESTIONS

1  What is your own definition of social class?
2  How would you describe your own social class category?
3  What variables influence your personal social class?
4  Which social class variables are more influential?
5  How would you market to bogans or chavs?
6  How would your dad, mum or partner score on education and occupation in the Hollingshead four factor index of social class?

7 Where do you see yourself now and five years later on the Cantril Self-Anchoring Scale?

8 What are your views on skin colour as a status symbol?

9 What are your favourite luxury brands and why?

10 What are your views on masstige?

11 What examples of premium brand collaborations have you come across?

12 What other luxury trends do you predict?

13 What are your views on the strategies of Hermes, Chanel, Cartier, Burberry and Tata Nano?

## FURTHER READING

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Lifestyle segmentation—

http://bulatov.org.ua/teaching_courses/marketing_files/Lecture%2010%20ItM%20Life%20Style%20segmentation.pdf

The continuing significance of social class to marketing—

http://pages.vassar.edu/fren380/files/2013/05/Richard-Coleman.pdf

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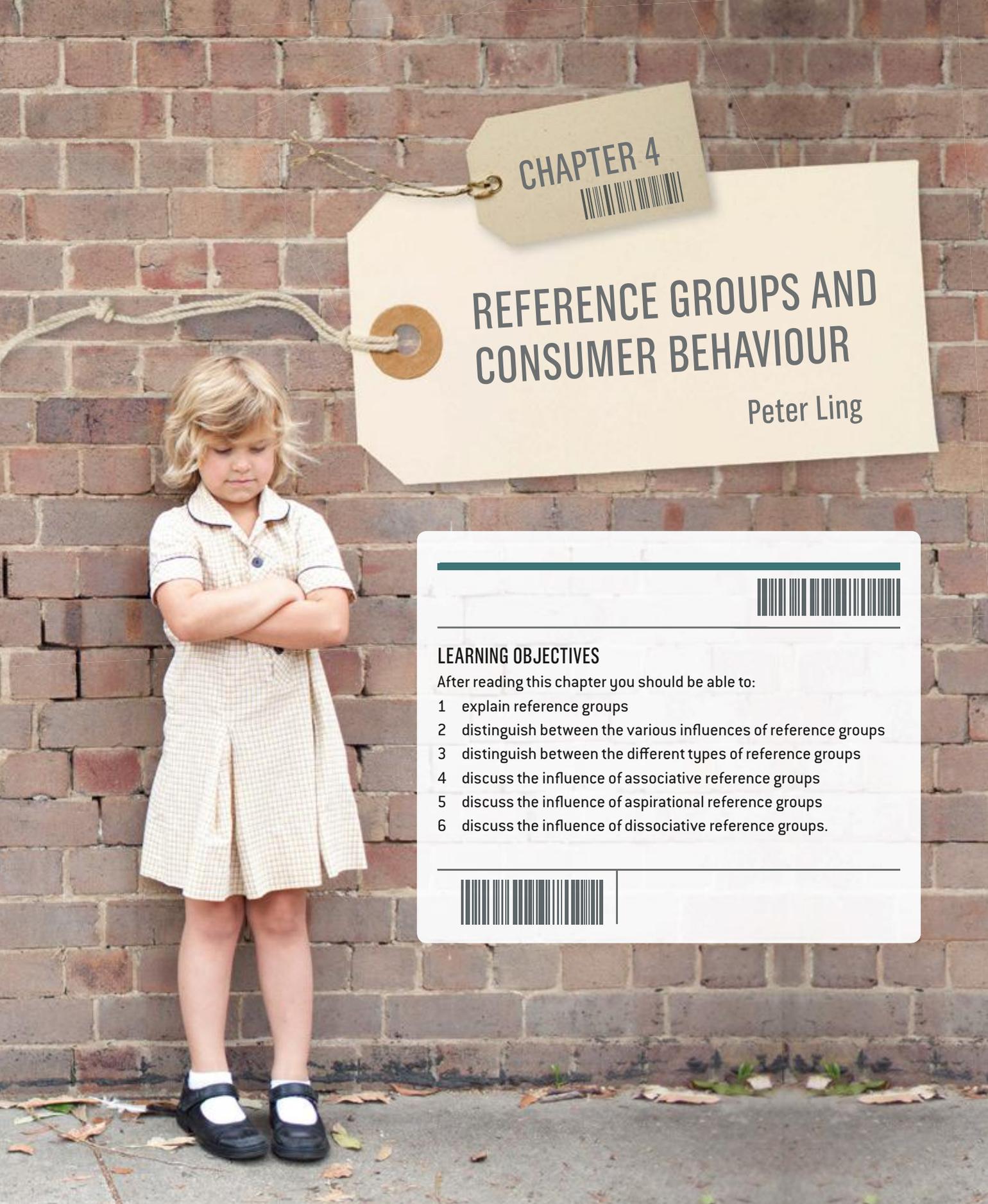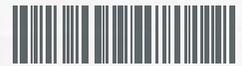
# REFERENCE GROUPS AND CONSUMER BEHAVIOUR

Peter Ling

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1  explain reference groups
2  distinguish between the various influences of reference groups
3  distinguish between the different types of reference groups
4  discuss the influence of associative reference groups
5  discuss the influence of aspirational reference groups
6  discuss the influence of dissociative reference groups.

## DISSOCIATING WITH ONLINE BULLIES

Most consumers subscribe to the internet to connect with family, friends, colleagues, industry networks, news media, entertainment services, organisations and online retailers. Some internet consumers, however, behave deceptively, destructively, disruptively, psychopathically and sadistically for merciless amusement at the expense of other online consumers, a phenomenon known as online trolling.[1]

Cyber-trolls proactively and reactively vandalise or hijack websites to post abusive, ferocious, hateful, insulting, obscene, offensive, threatening and violent messages and videos about private individuals and famous people. Police have jailed several trolls for insulting dead people on tribute and social media sites. Troll 'slayers' track down these trolls, who often have several identities online, to shame them publicly.[2]

Supporters of trolls defend the actions as amusement, boredom, freedom of speech, humour, mischief or revenge. While some trolls may have mental health issues, other trolls may have been bullied when young, and some trolls simply get a kick out of upsetting others with their destructive and vicious RIP (rest in peace) troll messages.[3] Some trolls can be genial or reserved in daily offline life but turn into monsters while online.[4]

Reuters News also reported that cyber-bullying, a form of trolling, is a global problem. Conducting the poll for Reuters, global research firm Ipsos surveyed over 18,000 adults in twenty-four countries in 2012 and reported the following:[5]

1   Sixty-six per cent of respondents were aware of cyber-bullying.
2   Twelve per cent of parents said their children had experienced cyber-bullying.
3   Sixty per cent of respondents cited social media sites as vehicles for cyber-bullying.
4   Forty per cent of respondents revealed that cyber-bullying also came from mobile phones and online chat rooms.
5   Thirty per cent of respondents mentioned that emails and online instant messaging were also used for cyber-bullying.
6   Cyber-bullying had led to teenage suicides; for example, in the USA.
7   Seventy-seven per cent of respondents felt that parents and schools needed to give special attention to cyber-bullying.

The Australian Communications and Media Authority's Cybersmart website issued guidelines against trolling:[6]

1   Ignore the troll.
2   Block the troll.
3   Report trolls.
4   Talk with family and friends or call a helpline.
5   Protect friends from trolls.

In March 2013, Australia's Victorian state government launched a campaign against bullying. The slogan—'Bully Stoppers. Make a stand. Lend a hand'—emerged from 1000 entries in a 2012 school competition[7] (see Figure 4.1).

**FIGURE 4.1**
Bully Stoppers campaign

## INTRODUCTION

Internet trolling is an epidemic. Police in Britain convicted over 1200 cyber-bullies in 2011 compared with 498 in 2007, a 150 per cent increase in four years.[8] Two main groups of people can be identified in the trolling and cyber-bullying phenomenon: one group associates with trolls and cyber-bullies, while another wants to dissociate themselves from trolls and cyber-bullies; they include the victims and their families, schools, troll 'slayers', the media and government bodies.

As such, each of these groups can be seen as a reference group. In marketing terms, a reference group is one that exerts some kind of negative or positive influence on consumer behaviour. This poses some questions: What are reference groups and how do they influence consumers? What are the types of reference groups and how do marketers engage with diverse reference groups? This chapter addresses these questions.

## REFERENCE GROUPS

### Definition

In layman terms, a **reference group** is a group that you refer to for information on brands, goods, services and ideas. However, scholars have different definitions.

A 1949 definition described a reference group as a person or group, real or fictitious, that influences the attitudes, behaviour, standards and values of other people.[9] A 1954 social comparison theory highlighted that people associate with groups of similar abilities

Explain reference groups.

**reference group**
A person or group, real or fictitious, who influences the attitudes, behaviour, standards and values of other people

**normative referent group**

A reference group you have direct contact with, who may influence through their norms, values and attitudes (also known as a socially proximal referent group)

**comparative referent group**

A reference group that you have indirect contact with, who may influence through their standards of achievement and lifestyle (also known as a socially distant referent group)

Distinguish between the various influences of reference groups.

**informational influence**

Influence that occurs when we informally seek information from knowledgeable and credible reference groups to enable us to make informed decisions

and opinions.[10] A 1957 definition indicated that a reference group is one in which you aspire to attain or maintain membership.[11] Other recent scholars define it as a source of brand meaning;[12] an in-group of members and an out-group of aspiration or dissociation settings;[13] and a comparison group with similar role, experiences, interests and opinions.[14]

Hence, a reference group influences your membership aspiration or dissociation, brand meaning, role, experiences, interests, opinions, standards, values, attitude and behaviour.

You may have direct interaction with a reference group such as family, friends, a community or an industry association. Interaction could be face to face, via the phone or online. You may not have direct interaction, but want to associate with some reference groups such as celebrities, television presenters and people who are featured in the news, on brand websites and on social media. Some researchers describe the direct interaction group as the **normative referent group** (or socially proximal referent group), who may influence through their norms, values and attitudes; while the indirect interaction group is the **comparative referent group** (or socially distant referent group), who may influence through their standards of achievement and lifestyle.[15]

## INFLUENCES OF REFERENCE GROUPS

There are three ways reference groups influence consumer behaviour:[16]

1  informational influence
2  utilitarian influence (also referred to as normative influence)
3  value-expressive influence (also described as identification influence).

### Informational influence

**Informational influence** occurs when we informally seek information from knowledgeable and credible reference groups to enable us to make informed decisions. Information influence could come from a grandparent with lots of recipes, a friend who is computer-savvy, a colleague who uses a certain brand, a newspaper columnist, a wine blogger, a brand website or word-of-mouth communication.

Extremely knowledgeable influencers who interact with consumers on diverse product information and where to shop are also known as **market mavens**.[17] For example, a knowledgeable investment banker or property consultant could be your market maven. From a marketing perspective, Amazon, Dell, ESPN, Samsung and Toyota are described as marketing mavens because everyone in each company is marketing-driven, from finance to human resources to research and development to sales and marketing.[18]

As a quick overview of trusted information influence, a Nielsen study of 28,000 internet respondents in fifty-six countries in 2012 revealed that about 92 per cent of consumers worldwide trust recommendations of friends and family the most, while 70 per cent of consumers trust online reviews (see Table 4.1).

| REFERENCE SOURCES | TRUST COMPLETELY/SOMEWHAT (%) |
|---|---|
| Recommendations from people I know | 92 |
| Consumer opinions online | 70 |
| Branded websites | 58 |
| Editorial content | 58 |
| Emails signed up for | 50 |
| Ads on television | 47 |
| Brand sponsorships | 47 |
| Ads in magazines | 47 |
| Billboards/outdoor advertising | 47 |
| Ads in newspapers | 46 |
| Ads on radio | 42 |
| Ads before films | 41 |
| Television program product placements | 40 |
| Ads served in search engine results | 40 |
| Online video ads | 36 |
| Ads on social networks | 36 |
| Online banner ads | 33 |
| Display ads on mobile devices | 33 |
| Text ads on mobile phones | 29 |

**TABLE 4.1**
Nielsen's global survey on trusted sources

While global consumers consistently trust recommendations from known persons, there were varied responses to online opinions, editorial content and branded websites. In Latin America, 73 per cent of consumers trust branded websites, 69 per cent editorial content and 58 per cent online opinions. In North America and Europe, 68 per cent of consumers trust online opinions, 61 per cent editorial content and 52 per cent branded websites. In the Middle East/Africa region, 71 per cent of respondents trust branded websites, compared with 69 per cent for consumer opinions.[19] An earlier Nielsen study also revealed that 80 per cent of consumers in China, Pakistan and Vietnam trust branded websites, compared with 40–45 per cent of consumers in Sweden and Israel.[20]

The trust in consumer opinions online and editorial content also varies across studies with different respondents, sample size and research methodology. While the Nielsen study was a large study, suggesting more reliability, two other studies indicated lower percentages. A study of 150 brand marketers, 1200 consumers and 6000 influencers found that 51 per cent trust news sites more than brand sites (21 per cent), blogs (29 per cent) and online groups/forums (24 per cent); however, the blogs and groups/forums add up to 53 per cent to represent online opinions.[21] In Essential Research polls in Australia, trust in newspaper news/opinions dropped from 62 per cent in 2010 to 48 per cent in 2013, while trust in internet blogs increased from 20 per cent in 2010 to 23 per cent in 2013.[22]

**market maven**
An extremely knowledgeable influencer who interacts with consumers on diverse product information and where to shop

An empirical research in Hong Kong among university students found that satisfied peer endorsements, rather than the bookshop portal, increased consumer trust beliefs in the shop, better attitudes towards the shop and actual buying behaviour.[23]

## Utilitarian influence

**utilitarian influence**
Influence based on norms, when we conform to useful social norms of reference groups on appropriate behaviour in order to be socially accepted—and not be ridiculed or punished for doing the wrong thing (also known as normative influence)

**Utilitarian influence** (also known as normative influence) occurs when we conform to useful social norms of reference groups on appropriate behaviour in order to be socially accepted (and not be ridiculed or punished for doing the wrong thing). There could be peer norms on what is 'cool' to wear, eat, drink, smoke, smell or drive to gain group approval and avoid rejection. Peer groups could accept or reject the type of earrings, body piercings and tattoos. There could be cultural norms for dressing, greetings, gift giving, seating arrangements and beverages at dinner.

A research study of 295 US community shoppers, mostly unmarried and below 25 years old, found through face-to-face completed surveys that the usefulness of trusted online consumer feedback does influence purchase decisions.[24] In a Hong Kong research study, 104 university students participated in two groups: one group decided whether to make online film purchases after browsing the cinema website for 15 minutes, while another student group browsed the cinema website, logged on to a discussion forum for 10 minutes and then decided whether to buy the ticket through the mobile or the cinema ticket office. Information in the online forum greatly influenced the purchase decisions of respondents.[25]

## Value-expressive influence

**value-expressive influence**
Influence that occurs when you internalise or identify with the values of a group that reflects your self-image (also known as identification influence)

**Value-expressive influence** (also known as identification influence) occurs when you internalise or identify with the values of a group that reflects your self-image. You could identify with, be attached to, or aspire to a volunteering or religious group, an exercise or health group, an environmental lobby group or an alumni body. Similarly, you could identify with celebrities, sports stars or 'underdog' performers in reality television shows such as *Dancing with the Stars* and *The Voice*.

One research study on reference group approval of marijuana usage had 3553 college students complete an online survey on their personal approval (and then the perceived approval of parents, friends and typical students) of marijuana abstainers, once or twice experimenters, occasional users and regular users. When asked about marijuana use, there were 2134 abstainers, 470 experimenters, 588 occasional users and 361 regular users among the respondents. While occasional and regular users perceived that close friends and typical students would highly approve their marijuana use, the abstainers and the once or twice experimenters showed much lower personal approval of marijuana use compared with the higher perceived approval of friends and students.[26] Of course, regular users are more likely to associate with high-user approving peers, and abstainers may not share the same attitudes as the regular users.

In reality, a reference group could simultaneously provide informational, utilitarian and value-expressive influences. An Apple Mac user group could influence through information updates (informational influence), 'dos and don'ts' advice on online etiquette (utilitarian or normative influence) and networking of technology innovators (values-expressive or identification influence). Figures 4.2, 4.3 and 4.4 illustrate informational influence, utilitarian influence and value-expressive influence.



**FIGURE 4.2**
Apple user group advertising as informational influence



**FIGURE 4.3**
Body piercing advertising as utilitarian influence

Distinguish between
the different types of
reference groups.

**associative reference
group**
A group that you
belong to or associate
with because of
informational, normative
and/or values-expressive
influence

**nuclear family**
A traditional group of
mother, father and child
(or children)

**aspirational reference
group**
A group that you
compare yourself
against or aspire to
their achievements and
lifestyles

**dissociative reference
group**
A group that you wish
to dissociate from or
discriminate against,
such as trolls, cyber-
bullies, drug addicts or
drug cheats, gamblers
and smokers

## TYPES OF REFERENCE GROUPS

There are three types of reference groups:

1   associative
2   aspirational
3   dissociative.

**Associative reference groups** are those that you belong to or associate with because of informational, normative and/or values-expressive influence. These reference groups could be your **nuclear family**, extended family, friends, colleagues, neighbours, church group, social club, community library, industry association, consumer action group, alumni, online community, blogger, brand community, favourite retailer, news media regularly supported (for example, *The Australian* or *The Age*) and even websites of favourite brands. Very often, family and friends recommend services such as electrician, plumber, car mechanic, doctor, dentist and opticians (see Figure 4.5).

**Aspirational reference groups** are those that you compare yourself against or aspire to their achievements and lifestyles, such as film, music or sports celebrities, authors, experts, opinion leaders, politicians, entrepreneurs, successful people in your generation or another generation, and so on. You may also aspire to be like fire-fighters, paramedics, rescue volunteers, nurses or pilots, who form the *Reader's Digest* most trusted professions in Australia. By contrast, you may want to avoid the bottom five in the list: door-to-door salespeople, politicians, insurance salespeople, call centre staff and sex workers.[27]

**Dissociative reference groups** are those that you wish to dissociate from or discriminate against, such as trolls, cyber-bullies, drug addicts or drug cheats, gamblers and smokers. Some people may dissociate from parents, relatives, ex-partners, a religious group, foreign nationalities or a political party. However, other people with different cultural values may associate with those you dissociate from.

**FIGURE 4.5**
Recommendation from
an optician

One ethnographic research in Sweden found that youths aged 17–23 dissociated with a fashion style 'Partille Johnny' (PJ), named after two Swedish suburbs but stigmatised as immature, self-centred, annoying and non-mainstream, with designer jeans adorned with hair ribbons, a bandana around the leg and fake diamond earrings.[28]

## ASSOCIATIVE REFERENCE GROUPS

This section focuses on the four reference groups voted as the most trusted in the Nielsen 2012 survey discussed earlier:

1  recommendations from people you know
2  consumer opinions online
3  branded websites
4  editorial content.



Discuss the influence of
associative reference
groups.

### Recommendations from people you know

This section covers:

1  family as a reference group
2  friends as reference groups.

#### Family as a reference group

The process of **consumer socialisation** or learning to be a consumer passes from generation to generation.[29] Children learn how to be consumers by observing and learning from

**consumer socialisation**
The notion that learning
to be a consumer passes
from generation to
generation

parents, who in turn have acquired consumer knowledge, skills and attitudes from their parents, and so on.

But what is a family these days? Traditionally, it has been mother, father and child (or children) in a nuclear family (see Figure 4.6). However, society has changed with unmarried couples, childless couples, couples with adopted children, divorcees, single mums or dads, house husbands, families with children from different marriages, same-sex parents, and siblings as surrogate parents in the absence of mum or dad caused by work, divorce, death or abandonment.

**FIGURE 4.6**
The nuclear family



In some Asian societies, the nuclear families may have a domestic maid in the household to do the shopping and provide care for young children. In richer households, an external shopping specialist, called a **surrogate consumer**,[30] may purchase expensive things such as furniture and furnishings to decorate a home. In high-achieving families, children may also interact with education tutors outside school hours. Children may also live in **extended families** with parents, siblings, grandparents and even aunts, uncles and cousins. The Tan family in Singapore has eighty members living in a three-storey house and would be buying loads of groceries weekly![31]

Modern mums may have different parenting styles depending on upbringing and culture change. Tech-savvy mums see themselves as authoritative influencers in a co-dependent ecosystem sharing advice, ideas and favours; as triathletes running the integrated family–me–work races; and as role models for honest, respectful and smart values. These perspectives were reported in 'The Truth about Smart Moms', a 2012 McCann-Erickson study of 6800 online mums in the UK, USA, Brazil, Mexico, Italy, China, India and Japan, plus forty focus groups in Peru, Indonesia, Singapore, Malaysia, Thailand and Taiwan.[32] See Figure 4.7 for a Kmart advertisement that shows price-conscious mums shopping smartly.

**surrogate consumer**
An external shopping specialist who purchases for another person expensive things such as furniture and furnishings to decorate a home

**extended family**
A household with parents, siblings, grandparents and even aunts, uncles and cousins

**FIGURE 4.7**
Kmart: 1000 mums
guess the price

## Friends as reference groups

Children, tweens, teens and adults have different friends as reference groups. These friends could be from their school, neighbourhood, community, professional, and cultural, religious or sporting groups. The Millennials, born 1977–1994, would have more techno-savvy friends compared with older segments such as Baby Boomers (see Chapter 2).

The Boston Consulting Group, together with Barkley and Service Management Group, surveyed 4000 Millennials in the USA and revealed in 'The Millennial Consumer' report the following socialisation habits:[33]

1  They interact with friends through smartphones, tablets, gaming systems and social media.
2  They share their thoughts, experiences, user-generated content, videos, images and blog entries on ratings of products and services.
3  They trust friends and consider them as experts when they have first-hand experience to credibly recommend goods and services.
4  They engage in **crowdsourcing** to tap into the collective intelligence of peers or the public on online forums and user reviews.
5  Nearly 50 per cent have 200 or more Facebook friends and are thrilled with 'Likes' on their online postings.
6  They treat as friends brands that have Facebook pages and mobile websites, preferring brands such as Nike, Sony and Apple.
7  They actively dine, shop and travel with friends and colleagues, seeking validation on their decisions.
8  They participate in fundraising events and join social or environmental movements, encouraging friends to do likewise.

**crowdsourcing**
A paid or unpaid method to tap into the collective intelligence of peers or the public on online forums and user review

Hence, Millennials particularly influence each other's opinions and behaviours on brands. An example is Microsoft targeting the Millennials to introduce its new Internet Explorer (see Figure 4.8).

**FIGURE 4.8**
Internet Explorer targeting Millennials



## Consumer opinions online

This section focuses on consumer action groups, consumer blogging and online word-of-mouth opinions.

### Consumer action groups

Consumer action groups are not a new phenomenon. Consumers have long associated with action groups to protect their rights when required. These groups include government action groups, ongoing consumer action groups and ad hoc consumer action groups.

### Government action groups

Each country has its own consumer protection groups, but the following brief description of Australia's consumer protection environment could help you investigate similar services in your country and how consumers there learn about their rights as consumers.

The Australian Government website australia.gov.au has a page on consumer protection with links to various protection agencies, including:[34]

- Australian Competition and Consumer Commission, which promotes fair trade and competition, including consumer rights on guarantees, refunds, internet shopping and medical or professional services
- Australian Consumer Law, which protects consumer rights on products and services, unsolicited consumer agreements, lay-by agreements and consumer redress options

- MoneySmart, managed by the Australian Securities and Investments Commission, which provides advice on banking, borrowing, budgeting, credit, insurance, investing, retirement income planning, superannuation and unclaimed money
- Personal Property Securities Register, which enables you to check whether your purchased second-hand boat or car is encumbered by a security interest
- Product Safety Australia, which provides information and email alerts on unsafe products
- Product Safety Recalls Australia, which provides information and email notifications on product recalls, including the opportunity for you to report unsafe products
- Protect Your Financial Identity, which provides information on how to avoid identity theft and handle the problem when it occurs
- Scams and Scamwatch, where you can seek advice or report on scams
- Your rights and safeguards, through the Australian Communications and Media Authority, which provides information on fixed-line telephone services.

The Consumers' Federation of Australia (CFA) represents consumer organisations including the Australian Communications Consumer Action Network, Choice, Consumer Action Law Centre, Consumer Utilities Advocacy Centre, Consumer Credit Legal Centre WA, Consumers Association of South Australia, and Financial and Consumer Rights Council.[35] CFA in turn is a member of not-for-profit UK-based Consumers International, an independent 'global voice for consumers' since 1960 with over 240 members in 120 countries. Consumers International champions consumers' rights to satisfaction of basic needs, safety, information, choice, vocal representation, fair claims settlement, education and a healthy environment.[36]

Choice produces a publication for its 160,000-plus members that covers product reviews and advice. Western Australian parliamentarian Ruby Hutchison and Sydney academic Professor Roland Thorp founded Choice in 1960 as a not-for-profit consumer organisation. Among other campaigns, Choice has advocated for improved country-of-origin labelling for food products. It also carries consumer protection blogs on its website.[37]

### Ongoing consumer action groups

Ongoing consumer action groups include those by mothers who have set up groups online to protect their children from marketing exploitation. The One Million Moms group in the USA has protested successfully to get Disney Channel to edit out 'foul language' in the film *Little Manhattan*, JC Penny to cancel an advertisement using sex to sell men's clothing, Claire's to remove its razor blade jewellery line and The Playboy Club to cancel its television show.[38]

The Parents' Jury in Australia was established in 2004 to promote better food and health environments for children. The Cancer Council Australia, Diabetes Australia and the Australian and New Zealand Obesity Society all support the Parents' Jury online network. Through its Hall of Fame Award, the Parents' Jury has recognised food marketers for promoting healthy food, such as Aussie Bananas' Nature's Energy Snack' campaign,

the McCain's 'School Veggie Patches' campaign and Woolworths' 'Fresh Food Kids' campaign. Conversely, the Jury's Hall of Shame for Pester Power has gone to Kelloggs' LCM Bar in 2010–2012 and the McDonald's Happy Meal from 2005 to 2009.[39]

### Ad hoc consumer action groups

There have been many reports on ad hoc consumer action protest or support groups. One of the classic action groups before the era of the internet was against Coca-Cola. When Coca-Cola changed the formula of its traditional cola drink in 1985, after 200,000 research participants had preferred the new taste, thousands of other US consumers protested about meddling with the cultural icon. Consumer groups such as Old Cola Drinkers of America and Society for the Preservation of the Real Thing gained widespread publicity through public protests, phone calls and letters to the Coca-Cola CEO, resulting in the company bringing back the original formula under the new name of Coca-Cola Classic.[40]

When Pampers introduced its Dry Max nappies in 2010, a group of mums set up a Facebook page to demand a recall for the product, claiming babies were suffering from severe rashes.[41] Procter & Gamble, manufacturer of Pampers, countered that the rumours were false.[42] The group filed lawsuits but the US Consumer Product Safety Commission concluded there was no link between the Dry Max and rashes.[43]

Consumers flooded Vegemite producer Kraft with feedback when it sought a brand name for its new cheese-and-Vegemite product in 2009. First, it attracted over 40,000 suggestions for the name of the new product. Second, it faced public indignation on traditional and social media when it chose the name iSnack 2.0, even though three million jars of the variant had been sold. Third, having decided to dump the name, it attracted 30,000 votes for replacement names for iSnack 2.0, with the eventual winner, Cheesybite, receiving 36 per cent of votes[44] (see Figures 4.9 and 4.10).

**FIGURE 4.9**
Vegemite iSnack 2.0

**FIGURE 4.10**
Vegemite Cheesybite

## Consumer blogging

A Nielsen research report revealed that there were more than 181 million blogs worldwide in 2011, compared with 36 million blogs in 2006.[45] The statistics also revealed the following:

1   The majority of bloggers are women, mostly well-educated graduates aged 18–34.
2   Mums form a third of bloggers, with 52 per cent having children who are aged below 18.
3   Bloggers actively and regularly upload videos on YouTube and leave comments in online message forums.

*Forbes Magazine* published a list of 'Top 100 websites for women 2012', revealing the diversity among followers of blogs.[46] The blogs covered female empowerment, financial and time management, discount coupons, work–life balance, business and entrepreneurial women, work-at-home mums, legal news, career advice, internships, outsourcing, pregnancy and conception issues, parenthood, family-friendly and public policies, race and gender issues, human rights, sex and love, secrets of women, relationships and travel, celebrities, networking, social media, food, fashion and lifestyle, glamour and entertainment, health, workouts, sport, cancer and accident survival, techno mums, and mums that host blogs, forums and games.

Some of the interesting blogs by women include:

- *BlogHer*. This is touted as the largest community of women bloggers, with 55 million visitors monthly. Founded in 2005 by three women, it has more than fifty employees managing BlogHer, its publishing network and conferences in social media.[47]
- *The Football Girl*. A former ESPN radio producer started this blog in 2009 for female National Football League (American football) fans.[48]

### Blogs for men

While women form the majority of bloggers, the men are not left out. Two brothers started AllMyFaves as a one-stop shop for internet searches, as they had previously been frustrated by time-consuming searches. They even have the top ten must-visit sites for men

### Live blogs

The popularity of blogging has seen the emergence of 'live blogging', which integrates digital technology into traditional news reporting. While traditional news reporting publishes post-event stories, live blogging directly relays unfolding news together with the latest analytical commentary updates. A UK study revealed that live blogs on *The Guardian* website attract 233 per cent more visitors and 300 per cent more views than traditional online news stories on the same topic.[49]

### Engaging bloggers

Companies are engaging bloggers in the hope that they will write about the brand experience to their network of followers. For example, Hewlett Packard (HP) invited mum bloggers to experience Disneyland's Innoventions Dream Home and see how they could improve their lives through technology.[50]

Mummy bloggers are reported to be influencing the US$22 billion toy market. About 70 per cent of sample games and dolls are sent to bloggers. Mattel, SpinMaster, LeapFrog, Crayola, Cepia and Zhu Zhu toy companies provide mummy bloggers with samples in the hope that they will write product reviews, generate buzz about new products, run mummy parties, highlight value-for-money toys, provide feedback on toys and help to develop new products. Mattel, Spin Master and LeapFrog regularly connect with 200 to 500 mum bloggers.[51]

In a survey on the digital lives of 3000 active social networking US mums, Performics, owned by advertising group Publicis, reported that 50 per cent of mums who are brand advocates or **mombassadors** promote brands on social media by discussing and uploading brand advertisements and relevant brand content. The study also indicated that 46–64 per cent of mums in online social networks are more likely to buy apparel, car and travel service after reading online recommendations.[52]

**mombassadors**
US mothers who are brand advocates on social media by discussing and uploading brand advertisements and relevant brand content

### Popular blogging platforms

While Facebook is still the most popular reference group site, blogs are the second most visited social network sites in the USA alone. Table 4.2 shows the number of US visitors to blogging platforms such as Blogger, Wordpress and Tumblr.

### Online word-of-mouth opinions

The popularity of the internet has also allowed consumers to spread online word-of-mouth information through the vast growth of the YouTube, Twitter and WhatsApp platforms.

| RANK | SOCIAL NETWORK | NUMBER OF VISITORS (MILLIONS) |
|------|----------------|-------------------------------|
| 1 | Facebook | 152.2 |
| 2 | Blogger (blog) | 58.5 |
| 3 | Twitter | 37 |
| 4 | Wordpress (blog) | 30.9 |
| 5 | LinkedIn | 28.1 |
| 6 | Pinterest | 27.2 |
| 7 | Google+ | 26.2 |
| 8 | Tumblr (blog) | 25.6 |
| 9 | MySpace | 19.7 |
| 10 | Wikia | 12.6 |

**TABLE 4.2**
Most visited social networks in the USA via personal computer, 2012

YouTube, launched in 2005 and acquired by Google in 2006, logs two billion views daily of videos from original content creators and advertisers. Among the videos that made YouTube viewing history through online word of mouth are advertisements for Nike (featuring Ronaldinho), Diet Coke and Mentos, plus created content such as 'The Evolution of Dance', 'Single Ladies (Put a Ring on It)' (Beyoncé) and 'We are the World'.[53]

Twitter started in 2006 and now has over 240 million active users monthly sending out 500 million Tweets daily, mostly through mobile phones.[54] WhatsApp, a pun on What's Up, is a mobile messaging app launched in 2009 for Android, BlackBerry, iPhone, Nokia and Windows Phone. Its users send over a billion messages daily.[55]

One research study observing online discussion groups over several months reported that a film discussion group had double the discussion threads, messages and responses than the mobile phone discussion group.[56] Another research study on brands and word of mouth found that online consumers are driven by social (desire to converse), emotional (excitement) and functional (information) factors, with the tendency to chat about 'talkable' premium brands such as Google and iPhone because of the brands' level of differentiation and excitement.[57] A research study on the influence of Twitter concluded that large numbers of influencers needed to be harnessed for maximum effects.[58]

Judging by the content of YouTube, Twitter, WhatsApp and some research studies, the need for entertainment and social interaction suggests that marketers should provide exciting content to engage online groups.

## Branded websites

This section highlights corporate websites, brand communities and companies with Facebook websites.

### Corporate websites

Which corporations and their websites do you trust? You may be influenced by the *Reader's Digest* Trusted Brands survey, which has researched reliable and consistent brands of

consumers for over 10 years in various countries. Trusted brands have included Canon cameras and Samsung smartphones in Malaysia; Dulux paint and LG refrigerators in Singapore;[59] Kellogg's and Nestlé in Europe;[60] and Commonwealth Bank, Toyota, Cadbury, Panadol, Colgate and Bunnings in Australia.[61]

## Brand communities

**brand community**

A group of like-minded consumers who interact with each other and with the brand

The term **brand community** means different things to scholars and practitioners. ComBlu, a social business and influencer marketing firm that builds online and offline communities, defines a brand community as a wall-less engagement ecosystem that includes a content hub, gated brand communities, offline conversations, review sites and social networks.[62] In a *Harvard Business Review* article, a brand community is defined as an enthusiastic group of consumers aligning with the brand's character, personality and activities.[63] Some scholars define brand community as a distinct group of non-geographical interactive brand admirers.[64]

Hence, a brand community of like-minded consumers interacts with each other and with the brand. Here are four examples to illustrate the concept of brand communities:

1 *Harley Davidson.* Based on a philosophy that customers own the brand, the company treats its brand community as a corporate investment rather than as a marketing expense. It built a brand community around 'brotherhood'. Both established and new employees connect directly with customers over weekends under a community-outreach program by riding with customers, cultivating relationships and their interests, and feeding insights back to the company.[65]

2 *Encyclopedia Britannica.* When the company discontinued its print sets after 244 years to go digital, it engaged worldwide reference groups such as institutional clients, opinion leaders, knowledge seekers, and media and social influencers. The brand community program included listening studies, workshops, training sessions, influencer briefings, a 'Facts Matter' campaign, a special Britannica Day, videos, blogs and the use of Twitter, YouTube and Facebook. The process led to 2.5 billion impressions in various media, sale of the final 8000 print sets, huge growth in digital subscriptions and continued relationships with key influencers (see Figure 4.11).[66]

3 *BMW Motorcycles.* When BMW wanted to increase sales via community-based marketing rather than the traditional mix of advertising tools, the company worked with dealers, BMW loyalists, new riders and news media. BMW launched a travel service to coordinate education-oriented meetings at the homes of BMW loyalists, who in turn taught new riders about riding techniques and maintenance; arranged with dealers to sponsor rides for new riders; and engaged with influencers and consumers through bulletin boards, newsletters, user groups and websites. As a result, sales of motorbikes, accessories and maintenance increased by 40 per cent, return on investment increased by 50 per cent and customer satisfaction exceeded 95 per cent.[67]

4 *LinkedIn.* Reputed to be the number-one professional online network, with 277 million members in 200 countries, the company has created LinkedIn Groups to enable

**FIGURE 4.11**
Encyclopedia Britannica branded community campaign

like-minded consumers to share articles, websites, insights and opportunities.[68] Companies also use LinkedIn to tell their success stories. For example, when PlayStation needed to rebuild trust in its brand, Voce Communications helped to develop a PlayStation blog to engage with game industry fans and media, including working with the PlayStation public relations team to identify online conversational gaps and dialogue opportunities.

In its fourth annual study, *State of Online Branded Communities* in 2012, ComBlu examined over 200 brand communities of ninety-two brands across fifteen industries to determine how they interact with their members, and concluded that top brand communities engage with consumers through:[69]

1   feedback on product quality and customer experience, specific campaigns and new ideas for products or services
2   advocacy to build member relationships through word-of-mouth marketing
3   using members as community advocates to test products, to act as brand ambassadors, to tweet product content or to monitor viewer comments on shows such as *America's Got Talent* and *The Voice*
4   using Facebook as part of brand community engagement
5   creating corporate Facebook sites.

## Companies with Facebook websites

The number of companies with a Facebook site is increasing: 66 per cent in 2012 compared with 58 per cent in 2011.[70] Facebook, Coca-Cola and MTV are the top three corporate brands with a large following of fans (see Table 4.3).

**TABLE 4.3**
Corporate brands and
Facebook fans

| COMPANY | NUMBER OF FANS (MILLIONS) |
| --- | --- |
| Facebook | 143 |
| Coca-Cola | 80 |
| MTV | 50 |
| Disney | 47 |
| Red Bull | 43 |
| Converse | 39 |
| Starbucks | 36 |
| Walmart | 35 |
| Samsung | 33 |
| Pepsi | 32 |

Companies without mega-million fans have also used Facebook successfully. Here are some success stories from the Asia–Pacific region:

1   *Scoot*. When the budget airline, a subsidiary of Singapore Airlines, wanted to create brand awareness and ticket sales for its Japan flight launch, it developed a 'Name Our Babies' campaign for its first two planes. It received 9000 entries from fans, 60 per cent of site visits from fans' mobile phones and fourteen times more return on investment for the campaign.[71]

2   *Ministry of Retail*. The Singapore store for women's apparel, founded in 2009 by a husband and wife team, started a Facebook page and had 64,000 fans by 2013. About 50 per cent of its sales revenue comes from Facebook traffic, with 20 per cent of sales from overseas.[72]

3   *Telstra*. Australia's leading telecommunications company ran an integrated campaign in 2012 to promote its pre-paid 'Free Talk & Text Offer'. Its Facebook site received over 4.6 million exposures over six weeks. Its mobile consumers engaged with online content 130,000 times through comments, sharing, link clicks, page 'Likes', video plays and offer redemptions. More than 16 per cent of consumers who switched from other telecommunications companies came from the Facebook exposure.[73]

4   *Ocean Park Hong Kong*. The theme park used Facebook advertisements for its 'Summer Nights' 20 per cent discount promotion over three weeks. It reached 2.7 million users, resulting in 162,000 offer redemptions.[74]

## Editorial content

When asked whose opinion of a new product matters more—an editor's or a celebrity's—42 per cent of Canadians reported caring more about an editor's opinion, compared with only 4 per cent who felt a celebrity's take mattered more.[75] As editorial content is one of the most trusted information sources, this section examines editorial content of news media, advertorials and corporate blogs.

## News media

Consumers generally associate with news media because of their credible news content as well as their brand personality. Many consumers religiously or routinely read their favourite daily newspaper or weekly or monthly magazine in print or online format, as well as tuning into their preferred television news channel or radio station.

News media also inform consumers about new products and services, brand campaigns, issues of corporate social responsibility, product defects and product recalls. The *New York Times* for example, has a website on 'Recalls and bans of products', which includes stories on vehicle recalls by Ford, Honda, Isuzu and Toyota; the Tylenol recall by Johnson & Johnson; and tainted milk powder in China.[76]

A BBC poll of five countries found that most people obtain their news from television but that trust in news sources varies between newspapers and television depending on the country polled (see Table 4.4). South Korea is exceptional, as the internet is the second source for news after television, and 55 per cent and 38 per cent trust news websites and blogs, respectively.[77] Hence, global marketers targeting South Korea would have to use television and the internet to reach the masses.

| COUNTRY | NEWS SOURCES | PERCENTAGE | NEWS SOURCES TRUSTED | PERCENTAGE |
|---------|-------------|-----------|---------------------|-----------|
| USA | Television | 50 | Local newspapers | 81 |
| | Newspapers | 21 | Friends and family | 76 |
| | Internet | 14 | National television | 75 |
| | Radio | 10 | Radio | 73 |
| | | | Internet news | 55 |
| | | | Blogs | 25 |
| UK | Television | 55 | National television | 86 |
| | Newspapers | 19 | Friends and family | 78 |
| | Radio | 12 | Newspapers | 75 |
| | Internet | 8 | Radio | 67 |
| | | | Internet news | 44 |
| | | | Blogs | 24 |
| India | Television | 37 | National newspapers | 85 |
| | Newspapers | 36 | National television | 85 |
| | Radio | 7 | Friends and family | 70 |
| | News magazines | 4 | Radio | 69 |
| | | | Blogs and news websites | 1 |
| Indonesia | Television | 82 | National television | 98 |
| | Newspapers | 14 | National newspapers | 91 |
| | Radio | 2 | Radio | 90 |
| | | | Friends and family | 80 |
| | | | News websites | 42 |
| | | | Blogs | 36 |
| South Korea | Television | 41 | National television | 76 |
| | Internet | 34 | National newspapers | 64 |
| | Newspapers | 19 | News websites | 55 |
| | Radio | 4 | Blogs | 38 |

**TABLE 4.4**
BBC poll on news sources and news sources trusted

In Australia, 73 per cent and 70 per cent trust the ABC television and radio stations, respectively, for news and current affairs, but trust levels are only 55 per cent for local newspapers, 48 per cent for daily newspapers, 46 per cent for commercial radio news, 44 per cent for commercial television news, 40 per cent for website news and opinions, and 23 per cent for internet blogs.[78]

A Canadian study found that adults turn to traditional news media: 86 per cent for newspapers, 83 per cent for television, 78 per cent for radio and 73 per cent for magazines. The situation is different in Britain, especially after the 2011 scandal about phone hacking by a newspaper group. A 2011 survey commissioned by US public service broadcaster PBS revealed that 58 per cent of the British public had lost trust in the British press, compared with 64 per cent, 58 per cent and 55 per cent, respectively, trusting British television news, radio news and website news.[79] A survey by PR firm Edelman across 25,000 people in twenty-five countries indicated the trust in media is 27 per cent in the USA and 22 per cent in Britain, but is rising in developing countries.[80]

Generation Y consumers, however, tend to rely more on social media sources. A Canadian Council of Public Relations Firms study of 1000 adults revealed that Gen Y rely on different sources for purchase decisions:[81]

1    About 38 per cent of young adults aged 18–34 turn to blogs for product or service information, compared with 16 per cent for those aged over 55.
2    YouTube and Facebook attract 27 per cent and 22 per cent, respectively, of young adults seeking purchase information, compared with 10–12 per cent for older adults.
3    Around 23 per cent of young adults trust the news on company websites, compared with 10 per cent of older adults.

### Advertorials

**advertorial**
Advertising-sponsored content in the form of news stories

**infomercial**
The television equivalent of an advertorial

The general trust in editorial content has attracted **advertorials**—advertising-sponsored content in the form of news stories. The television equivalent of an advertorial is **infomercial**. With newspaper advertising revenue declining, newspapers have created advertorial or sponsored sections (see Figure 4.12). *Washington Post* also launched in 2013 its Brand Connect to enable marketers to display blogs, infographics and videos on its website.[82]

Advertorials can be effective when the credibility of the news media rubs off on the sponsored content. When ALDI supermarket featured its success at the National Irish Food Awards in the *Irish Times*, the newspaper tested the advertorial (see Figure 4.13). It found a best-ever 61 per cent of readers had bought or would buy at ALDI after seeing the advertorial.[83]

One criticism of advertorials is that they look so much like the unpaid news stories that they may mislead readers. In Britain, the Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing stipulates that paid editorials must be clearly identified as advertorials.[84] One academic paper, however, concluded that most readers do not recall

**FIGURE 4.12**
*New Statesman* advertorial



**FIGURE 4.13**
ALDI advertorial in the *Irish Times*

an advertorial label.[85] *The Atlantic* magazine in the USA accepted a Scientology advertorial in January 2013 under 'Sponsor Content' and then had to withdraw it after readers complained[86] (see Figure 4.14).



**FIGURE 4.14**
Scientology advertorial

### Corporate blogs

Corporate blogs are a company's editorial content to engage online groups. A 2012 report from the Center for Marketing Research at the University of Massachusetts Dartmouth revealed that blogging by fast-growing US companies increased from 37 per cent in 2011 to 44 per cent in 2012. It also found that 63 per cent of CEOs contribute to the blogs, and software, advertising, marketing and media companies are heavy users of blogging.[87]

Further, Fortune 500 big companies have increased the use of corporate blogs from 16 per cent in 2008 to 28 per cent in 2012, with industries such as telecommunications, banks, utilities and specialty retail being the top users[88] (see Figure 4.15).



**FIGURE 4.15**
Google's blog

Summarising this section on associative reference groups, people tend to associate with people they know, such as family and friends; they also follow consumer opinions through government action groups, consumer groups, consumer blogging and online word of mouth; follow corporate websites, brand communities and corporate Facebook pages; and look at editorial content of news media, advertorials and corporate blogs.

## HEINZ WATTIES NEW ZEALAND

*CONSUMER BEHAVIOUR IN ACTION*

Market leader Best Foods had 60 per cent share of the New Zealand mayonnaise market when Heinz Watties launched its premium product Seriously Good Mayonnaise in an attempt to eat into the leader's business.

Heinz Watties targeted 'Urban Foodies', whose profile includes a love for food, dining out and entertaining at home, and a propensity to search online and through media for new products and ideas.

Heinz Watties and its OMD agency identified the following reference groups of its consumers:

1 cooking personalities
2 food editors
3 upmarket specialist food magazines
4 general news media
5 online consumers
6 farmers' markets
7 upmarket urban food shopping areas
8 restaurants and cafes
9 delicatessens
10 friends and consumers of competitor Best Foods

The Seriously Good Mayonnaise campaign covered these reference groups as follows:

1 It contracted celebrity chef Michael Meredith as the key influencer and spokesperson.
2 Michael created a special menu with Seriously Good Mayonnaise and cooked lunch for selected food editors, who then publicised the product online and in various publications.
3 Michael also wrote advertorials about the brand and the created recipes.
4 The company launched a 'Win a Chef' promotion for the chance to have Michael to cook a private dinner for eight people at the winner's home, plus free groceries worth $5000.
5 OMD arranged with the high-end food magazine *Dish* to publicise the 'Win a Chef' promotion.
6 Promotional personnel in chef outfits handed out product samples with discount coupons at shopping centres and farmers' markets.
7 Heinz Watties sent a sachet sample and free jar coupon to 18,800 Best Foods consumers identified through Onecard and Flybuys databases.
8 Consumers of the Progressive online supermarket received sachets and promotional details.

9 There was also online publicity in the *New Zealand Herald* and food-related publications, and brand advertising on back covers of food magazines.

Despite another competitor, Edmonds, launching simultaneously, Seriously Good Mayonnaise outsold the new rival by two to one and exceeded expectations in a market dominated by Best Foods. There were more than 10,000 visitors to the Seriously Good Mayonnaise website, 31 per cent of visitors bought products and coupon redemptions were strong.[89]

**FIGURE 4.16**
Heinz Seriously Good Mayonnaise



# ASPIRATIONAL REFERENCE GROUPS

Discuss the influence of aspirational reference groups.

There are many aspirational reference groups as indicated in previous sections, such as authors, experts, entrepreneurs and successful people. This section focuses on opinion leaders and celebrities.

## Opinion leaders

**opinion leader**
A person whose knowledgeable and insightful views we value as the basis for our thinking and decisions

There are various **opinion leaders** whose knowledgeable and insightful views we value as the basis for our thinking and decisions. There are opinion leaders in politics, business, technology, education, publishing, news media, entertainment, religion and other industries. Some celebrities are also opinion leaders; for example, Oprah Winfrey. A book, *The Influentials*, estimated that opinion leaders make up about 10 per cent of the population, influencing us on what to buy and where to eat.[90]

### Politicians
Although the *Reader's Digest* list of trusted professions ranks politicians among the lowest, politicians are opinion leaders on the world stage. Political influencers change over time

due to elections, economy, media coverage and many factors. For example, despite their controversies, Bill Clinton and Margaret Thatcher were both opinion leaders when they were in government and their public awareness was high. A Gallup survey in 2012 revealed that then US Secretary of State Hillary Clinton was the most admired woman politician, while President Barack Obama was the most admired male politician.[91] President Obama has 39 million Facebook fans and 42 million Twitter followers.[92] By comparison, Singapore's Prime Minister Lee Hsien Loong has 283,000 'Likes' in his Facebook site.[93]

The *Australian* newspaper published a list of the most influential people in Australian politics in February 2012 and had as the top three Greens leader Bob Brown, opposition leader Tony Abbott and Prime Minister Julia Gillard.[94] The list in 2013 had Julia Gillard as number one and Tony Abbott at number two.[95] Some people may dissociate with some politicians, but one great fan of former prime minister Julia Gillard paid $921,000 at an auction to buy her house in Melbourne in 2013, $250,000 above the sale price.[96]

### News media commentators

Each country has a media commentator who is trusted more by consumers. For example, Laurie Oakes on Australia's Channel 9 is trusted by 75 per cent of respondents, compared with 38 per cent for provocative 2GB 'shock-jock' Alan Jones.[97] Morning talk show hosts are also influential opinion leaders, but the public may turn against them for making inappropriate comments. In Australia, when Channel 7's David Koch commented that discreet breastfeeding was common courtesy, protesting mothers started a Facebook page and staged a public breastfeeding protest.[98]

A 2013 Erdos & Morgan study of opinion leaders in news media looked at consumer perceptions of attributes such as credibility, currency, enjoyment, influence and objectivity. It reported that the *New York Times* and CBS's *60 Minutes* were the most influential based on coverage.[99] In your own country, who do you perceive to be the number one media opinion leader based on the criteria mentioned, and who are the advertisers in such news media?

## Celebrities

There was massive teen hysteria when British–Irish boy band One Direction appeared in Australia in April 2012 (see Figure 4.7 for One Direction fans).[100] There was again hysteria when US talk show host Ellen DeGeneres visited Melbourne in March 2013.[101] When ice-cream maker Streets celebrated the sixtieth anniversary of Paddle Pop in March 2013, it imprinted portraits of celebrities on the product.[102]

So what is it about celebrities that sends hearts throbbing and people gushing profusely, with mass media publicity often motivating consumers to turn up at airports to greet celebrities, attend their public events, watch more of their shows on DVD and buy or borrow books about them? This section looks at different types of celebrities, their influence, celebrity advertising, celebrity products and celebrity Facebook fans.

**FIGURE 4.17**
One Direction fans wait for the band to arrive at Adelaide Airport



### *Time Magazine*'s People of the Century

In 1998, *Time Magazine* published the 100 most influential people of the twentieth century. While Albert Einstein was named Person of the Century, the magazine also highlighted influential artists and entertainers, leaders and revolutionaries, builders and titans of industry, scientists and thinkers, plus heroes and icons. Influential people included Walt Disney, Frank Sinatra, The Beatles, Mother Teresa and Nelson Mandela.[103]

### *Forbes Magazine*

*Forbes Magazine* has several lists of influential people, with rankings of people changing yearly or every few years due to situational changes such as activities, exposure and earnings. Visit the following links to learn more about influential people:

- The world's 100 most powerful women—www.forbes.com/power-women
- The world's billionaires—www.forbes.com/billionaires/
- Most influential celebrities [based on personality attributes]—www.forbes.com/pictures/mfl45ilgf/the-most-influential-celebrities.

### Influence of celebrities

Oprah Winfrey was number one in Forbes' 2013 most influential celebrities list. She was a celebrated talk show host for 25 years, but has had an impact on consumers worldwide. Since 1996, Oprah's Book Club has promoted selected books on her *Oprah Winfrey Show* and her new Oprah's Book Club 2.0 still continues to promote books to her two million members.[104] The 'Oprah Effect' has resulted in sales of more than 22 million books such as *A New Earth* (over three million copies) and *East of Eden* (over a million copies).[105]

When US First Lady Michelle Obama wore a Jason Wu white gown for the 2009 President Barack Obama inauguration ball, there were four million hits on the 26-year-old

Taiwan-born designer's website.[106] Mrs Obama also wore a Jason Wu ruby-coloured gown for the 2013 inauguration ball and again generated more news media publicity for the young designer. Within a short time, Wu has expanded his company from four to thirty employees to cope with fashion collections at Neiman Marcus, handbags and shoes at Target and his Miss Wu clothing line for Nordstrom and online sales.[107]

Sarah Burton in London also received worldwide publicity after the public learnt that she had designed the 2011 wedding dress of Kate Middleton, Duchess of Cambridge.[108] Burton later won the designer of the year award and over a million people visited the New York fashion exhibition of design company Alexander McQueen, for which she is director of fashion, and the wedding dress display in Buckingham Palace.[109]

However, influence can be lost as quickly as it is won. In golf, tournament prizes, crowds and television audiences increased after Tiger Woods came on the scene in 1997 and started winning major golf tournaments.[110] However, after his sex scandals surfaced in 2009, he lost endorsements of Accenture, AT&T, Gatorade, General Motors, Gillette and Tag Heuer, although Nike and Rolex stood by him. His form also declined after his divorce in 2010: he was winless in 2010–11, and his ranking dropped to fifty-eight. When he regained his number one ranking in March 2013, there was renewed excitement in the golfing world, and Nike advertised 'Winning takes care of everything'. However, media worldwide debated the appropriateness of the Nike advertisement and whether Woods would ever regain public trust.[111]

Car companies are also using celebrities as **brand ambassadors**. For example, Range Rover has model Jennifer Hawkins, Audi has swimmer Ian Thorpe, Toyota has golfer Greg Norman and Jaguar had swimmer Stephanie Rice, although it dropped her for tweeting a homophobic term.[112] In 2014, Jaguar recruited David Beckham as brand ambassador to China.[113] An online poll in 2012 showed that 89 per cent of the 257 voters did not believe that a celebrity could influence the choice of a car or brand[114] (see Figure 4.18).

**brand ambassador**
A celebrity who represents the brand, just like country ambassadors represent their countries in overseas locations



**FIGURE 4.18**
Celebrity influence on choice of brand or car

The effectiveness of celebrity endorsement is still being debated. One study concluded that Nike did recover 57 per cent of its sponsorship of Tiger Woods.[115] In another study, Elberse and Verleun analysed data of ninety-five firms endorsing athletic celebrities between 1990 and 2008 and found endorsements generated a sales increase of 4 per cent.[116] Another report indicated that Chanel's sales increased by 30 per cent in 2003 when Nicole Kidman was the celebrity ambassador.[117] However, a different survey found that 75 per cent of US consumers were not influenced by advertisements featuring Olympic athletes during the London Olympics; only 5 per cent of respondents said such advertisements 'definitely influenced' buying decisions, while 20 per cent of respondents were in the 'somewhat impact' and 'can influence' categories.[118]

## Celebrities in advertising

The percentage of advertisements featuring celebrities varies depending on who does the research, and when and where the research is carried out. Greenlight, a global media company, analysed advertisements during the Grammy Awards in 2011 and 2012 and reported that 22 per cent and 21 per cent, respectively, of the advertisements featured celebrity endorsements.[119] Global brand company Millward Brown reported in 2012 that only 10 per cent of the advertisements featured celebrities, down from a peak of 19 per cent in 2004, with marketers preferring to use ordinary people because of the weak economy and celebrity.[120]

The situation seems to be different in Asia. Japan, Korea and China are reported to be obsessed with celebrities, with extremely high usage of celebrities in advertising: 80 per cent in Japan,[121] 65 per cent in Korea[122] and 60 per cent in China.[123]

There have been numerous research studies on celebrities in advertising. One study highlighted the 'match-up hypothesis', meaning that the product image and the celebrity image must match for the advertising to be credible and effective.[124] There is also the **vampire effect** of celebrities, in which the celebrities 'suck out' the product's 'blood' if there is no distinct relationship between the celebrity and the brand, resulting in consumers remembering the celebrity rather than the endorsed product.[125]

## Celebrities launching products

Celebrity fame has led to the emergence of celebrities launching products as companies hope to cash in on their popularity. Celebrities are also increasingly leveraging their own fame and media reach. Jennifer Lopez, Madonna, Sarah Jessica Parker, Britney Spears and Christina Aguilera have all marketed their own celebrity scents, with the J.Lo perfume (see Figure 4.19) outperforming other brands with £50 million in sales.[126]

Tennis champion Maria Sharapova endorses Nike Tennis, Head Tennis, Samsung Mobile and TAG Heuer. Building on her fame and nine million Facebook fans, she launched Sugarpova premium sweets in 2012 (see Figure 4.20), with a portion of sales going to the Maria Sharapova Foundation to benefit Belarusian children affected by the 1986 Chernobyl nuclear accident.[127]



**vampire effect**
The effect when celebrities 'suck out the product's blood' because there is no district relationship between the celebrity and the brand, resulting in consumers remembering the celebrity rather than the endorsed product

**FIGURE 4.19**
J.Lo's My Glow
perfume



**FIGURE 4.20**
Sugarpova from
Sharapova

Actress Jessica Alba has her own Honest Company selling eco-friendly nappies; actress Tori Spelling has her own line of baby and kids' clothing called Little Maven; and model Heidi Klum has her Truly Scrumptious room decor for kids.[128] Similarly, Australian tennis star Lleyton Hewitt launched his own C'mon apparel range in 2013, leveraging his catchphrase and hand-to-face gesture that he used to spur himself on during matches.[129]

### Celebrities with massive Facebook followings

With the popularity of Facebook, it is only natural that celebrities have huge followings on their Facebook sites. Among celebrities, Rihanna tops the list with about 69 million fans, followed by Eminem at 68 million and Shakira at 62 million.[130] Among top athletes, football player Cristiano Ronaldo is number one with 56 million fans, followed by fellow footballers Lionel Messi at 44 million and David Beckham at 26 million.[131] By comparison, Australia's Hugh Jackman appears to lead Australian celebrities with only 1.5 million followers.

Whenever celebrities visit countries, fans go crazy, often camping overnight in an attempt to be in the front row of public appearances by their idol. Melbourne, for example, has had its fair share of celebrity visits and autograph signings for excited fans—there have been visits by Beyoncé, Katy Perry and One Direction.

Summarising this section on aspirational reference groups, the focus has been on opinion leaders and celebrities. Opinion leaders can be politicians and members of the news media. Celebrities are always in the news through media coverage, positive or negative influence listings, direct or indirect endorsements, brand advertising appearances, launches of commercial products, Facebook fans and country visits. The downside of celebrity reference groups is the 'vampire effect', where celebrities are remembered rather than the brand.

## PAT RAFTER AND BONDS

CONSUMER BEHAVIOUR IN ACTION

Australian tennis star Pat Rafter was ranked second in Australia's most positive role model list in 2011, behind actor Hugh Jackman. Rafter was twice a US Open champion, launched his Cherish the Children Foundation in 1999, was Australian of the Year in 2002 and is currently Australia's Davis Cup coach. Admired and respected by tennis players and fans for his fair-play practice, Rafter has been a brand ambassador for Bonds underwear since the early 2000s. He has appeared in several television commercials, including the humorous 2013 version where he got every member of the production crew and his agent to appear in Bonds underwear[132] (see Figure 4.21).
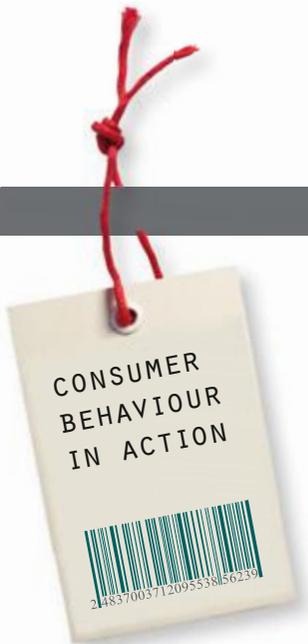
**FIGURE 4.21**
Pat Rafter and Bonds

## DISSOCIATIVE REFERENCE GROUPS

There are always people with whom we may wish to dissociate ourselves because we have been brought up 'not to mix with the wrong company' or with 'black sheep' for fear of being negatively influenced. This section briefly explores cultural reasons for dissociation, dissociated celebrities, dissociated companies and dissociative advertising.

Discuss the influence of dissociative reference groups.

### Cultural reasons for dissociation

There are certain groups that people universally loathe and dissociate from, such as paedophiles, child abusers, incestuous parents, spouse beaters, arsonists, rapists, murderers, corrupt officials, drug dealers and terrorists. Such are the negative connotations with dissociative groups that one Muslim organisation in Britain ran an anti-terrorism camp to dissociate itself from extremists.[133]

There could be groups that some of us may culturally dissociate with, temporarily or permanently, but that other people may associate with for personal reasons, such as alcoholics, drug addicts, gamblers, shoplifters, fake-brand purchasers, satanic cults, smokers, vandals and people with excessive piercings or tattoos on the body. For example, sexy 'bad boys' attract some women.[134] Also, some youths may associate with **hoons** (drivers who speed dangerously and excessively). However, in the face of public concern, governments can fight back against undesirable behaviours. In Western Australia, for example, there were more than 7200 complaints about some Perth drivers' anti-social behaviours, with campaigns launched to urge the public to 'dob-in-a-hoon'.[135]

**hoon**
A driver who speeds dangerously and excessively

In an offline mode, we would normally dissociate with the deviant behaviour of staring at people, as it is a social norm not to stare; however, one research study showed that Facebook users stare at postings as a way to release offline constraints and tensions.[136]

## Dissociated celebrities

While celebrities are aspirational reference groups for many people, some consumers may dissociate with certain celebrities based on negative publicity or personal likes and dislikes. The lists of negative celebrity role models change yearly depending on publicity of scandals, but here are some examples:

1   *Forbes Magazine*'s 'The worst celebrity dads' 2012 list featured Mel Gibson, Charlie Sheen, Arnold Schwarzenegger, Olympian Bruce Jenner, Michael Lohan, Woody Allen, Ryan O'Neal and politician John Edwards.[137]
2   Millward Brown, a global brand and communication research firm, published a 2011 list of the top ten negative celebrity role models in Australia. American Tiger Woods was on the list, which otherwise consisted of Australian celebrities.[138]

### LANCE ARMSTRONG FALLS FROM GRACE

CONSUMER BEHAVIOUR IN ACTION

Cyclist Lance Armstrong was a hero who became a villain. He survived testicular, lung and brain cancer in 1996; started Lance Armstrong Foundation in 1997 to fight against cancer; and won the Tour de France seven times between 1999 and 2005.

Although there were doping allegations in 2004, it was not until August 2012 that the US Anti-Doping Agency published a report on his doping and then the International Cycling Union stripped him of his seven Tour de France titles and banned him from competitive cycling for life. On 14 January 2013, Armstrong finally admitted to doping in an interview with Oprah Winfrey and apologised to his fans.[139]

Armstrong lost his sponsorship with Nike, Trek bicycles, Giro helmets, SRAM bicycle parts, 24-Hour Fitness, Anheuser Busch brewing company, Radio Shack electronics retailer and Oakley sunglasses.[140] The sponsorships were worth US$75 million.[141]

His foundation, known as Livestrong, has benefited the cancer community through research grants, cancer survivorship programs, online resources, SurvivorCare, Livestrong Day, Livestrong Survivorship Center of Excellence Network, Livestrong Young Adult Alliance, Livestrong Challenge, the Livestrong global cancer campaign, the Livestrong Global Anti-Stigma campaign and the Livestrong Cancer Navigation Center. The Foundation has raised about US$500 million to fight cancer.[142] Livestrong Foundation asked Armstrong to leave his own charity, which he described as like his sixth child.[143]

There have been mixed feelings about Armstrong's fall from grace. Some fans dissociate with him but support the Livestrong Foundation. Other supporters find his actions disgusting but are prepared to accept his apology and move on.[144]
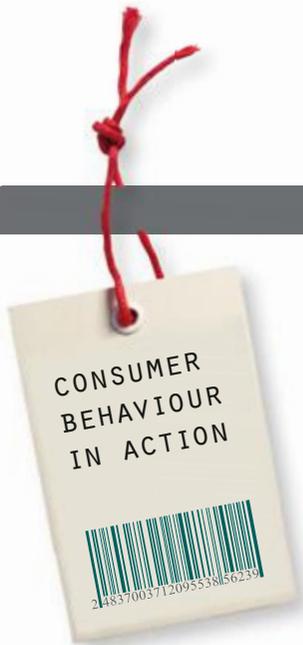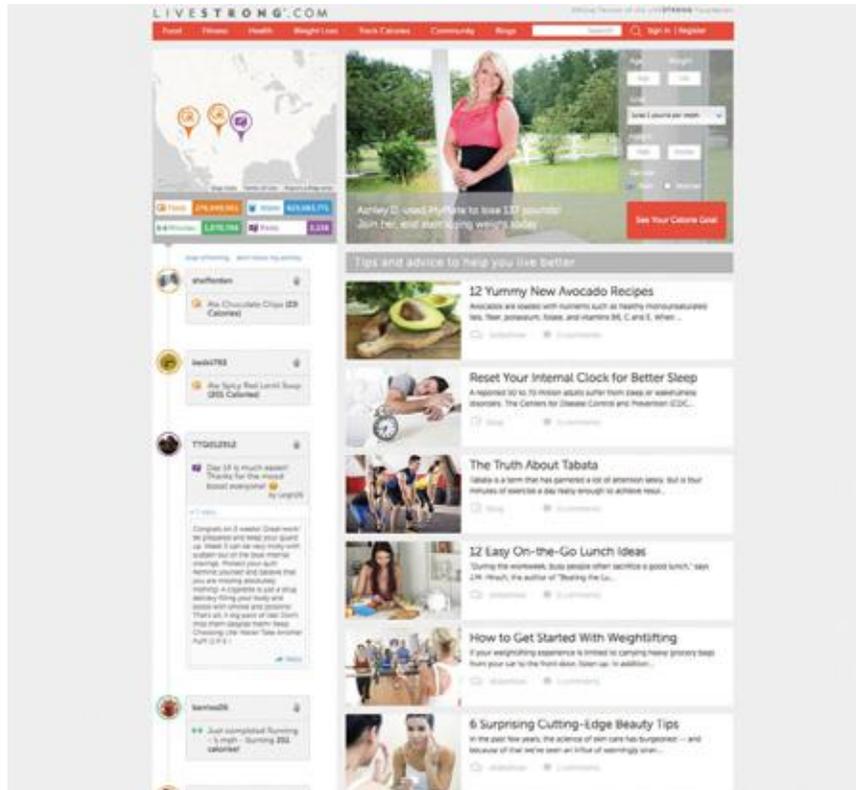
**FIGURE 4.22**
The Livestrong Foundation continues without Lance Armstrong

## Dissociated companies

In a study on crowdsourced online communities, researchers reported that members of Nokia's 'Design by Community' dissociated with the company's narrow commercial focus for a 'dream' Nokia device because of a conflict of social values, which led to unresolved tensions and failure of the initiative.[145]

Although some of you may associate with corporations because of matching social values, others may dissociate with some 'bad apples' because of a mismatch in values, their commercial practices, their frequent product recalls and their targeting of children. A Natural News poll of 16,000 readers revealed that biotechnology firm Monsanto was the 'Most Evil Corporation' in 2013, with 51 per cent of the votes way ahead of the Federal Reserve (20 per cent), British Petroleum (9 per cent), Halliburton (5 per cent) and McDonald's (3 per cent). About two million consumers worldwide had protested against Monsanto's production of genetically modified organisms (GMO), leading to Japan and Korea stopping the import of US wheat.[146] You may wish to research more on Monsanto, including viewing the documentary *The Corporation*, which has a segment on how Fox News reported on Monsanto's milk issue. *The Corporation* highlights companies' marketing manipulation, collusion with governments and money-making focus.[147] You can view the video on YouTube (www.youtube.com/watch?v=Y888wVY5hzw).

## Dissociative advertising

There have been hundreds of public service campaigns motivating us to dissociate with, and take actions against, undesirable behaviours such as AIDS, arson, smoking, drink driving, seat belt violation and domestic violence.[148]

The United Nations launched a campaign to 'Say NO' to violence against women, highlighting domestic violence, honour killing, rape, female genital mutilation, human trafficking, child marriage and sexual harassment (see Figure 4.23).

**FIGURE 4.23**
United Nations: 'Say NO' to violence



In Britain, many Department of Health advertisements have appeared to motivate youths to dissociate with drugs (See Figure 4.24).

**FIGURE 4.24**
British anti-drug advertisement

US businessman Thomas Siebel established The Meth Project in 2005 to reduce the use of the drug methamphetamine. Some of the advertisements on the project website may touch readers and motivate them to dissociate with meth (see Figure 4.25).



**FIGURE 4.25**
The Meth Project
advertisement

## 'THE AXE EFFECT' WITH NO CELEBRITIES

Axe is a male grooming brand that has been successful featuring non-celebrities. Launched in France in 1983, it is known as Lynx in Britain, Ireland and Australia. Sold in 60 countries, its range includes antiperspirants, body sprays, deodorants, hair products and shower gels. There is also Axe Anarchy fragrance for men and women. Unilever develops Axe fragrances in its research and development labs and tests the aroma on women reference groups to gauge the effect.[149]



**FIGURE 4.26**
'Even angels fall for
a Lynx man'

CONSUMER
BEHAVIOUR
IN ACTION

Advertising agency Bartle Bogle Hegarty (BBH) positioned Axe as the confidence enhancer for youths around the idea that 'Axe gives guys the edge in the mating game'. The idea was expressed as 'The Axe Effect'. Advertisements have appeared in iAds, microsites, mobile, social media, soundtracks and traditional media.

Since 'The Axe Effect' went global in 2002, the brand has enjoyed 20 per cent growth yearly. The brand grew from $0 to $500 million in five years in the USA. See Figure 4.26 on a Lynx advertisement where even angels fall from Heaven because of the product effect.

This section on dissociative reference groups has highlighted aspects of dissociation including cultural reasons, dissociative celebrities, dissociative companies and dissociative advertising. Some of us do not like to associate with the wrong company; some of us dissociate with some groups while others associate with them; some consumers dissociate with some behaviour offline but associate with the deviant behaviour online; some consumers may dissociate with celebrities who are not role models; some of us dissociate with 'bad apples' and 'evil companies'; and many of us are exposed to public service campaigns to encourage us to dissociate with violence, drugs and other undesirable social behaviours.

PRACTITIONER PROFILE

2  071473 968010  >

## MATT GILLINGS

Born and raised in Sydney, Australia, Matt discovered marketing during Year 9 Business Studies at Shore School. While studying a Bachelor of Business at Macquarie University, his passion for marketing grew, as he was particularly fascinated by the psychology of consumers' buying decisions. After three years' experience in media, public relations and print marketing agencies, Matt began his Masters of Marketing at Monash University. In 2013 he joined Australia's leading experiential marketing agency, PLAY Communications, as marketing manager. In this role he manages the agency's offline and digital marketing, new business development and assists the client service team with campaign management.

*How did your career start?*

While at university I had the opportunity to contribute to the marketing and B2B sales operations of a snowboard distribution company that sponsored me as an athlete. Combining my love for snowboarding and my growing interest in marketing was a dream come true and a fantastic platform to learn real-life skills.

*What advice would you offer a student studying consumer behaviour?*

Never underestimate the value of understanding the motivations, needs and behaviours of different consumers. It is the greatest skill of any marketer. If you can understand why a consumer acts the way they do and tailor communications that are relevant to them, you can essentially sell any product.

*How important are consumer insights to what you do and to your organisation?*

Being in an agency environment means you will work across a plethora of brands and industries. Consumer insights allow marketers to understand mass and niche market consumer wants and needs, so brands and their product offering are relevant, attractive and profitable.

*What is the hardest decision you've had to make to date?*

Leaving a business and role can be a very tough decision. The uncertainty of your next step and the feeling of letting others down makes a career move, which should be 100 per cent rational, complicated.

*How important is social media to you?*

Social media is a vital part of my role at PLAY Communications. It is an essential tool in conveying the agency as a thought leader, extending brand awareness and communicating news. Social media has allowed PLAY to communicate efficiently on a mass scale to clients (past and present), prospects and members of the greater advertising/marketing community.

*What has been your favourite project to work on?*

If you pick the right workplace, enjoyable and diverse projects will arise on a daily basis. At PLAY Communications no two days are the same. Yesterday I was working on a multi-million-dollar new business pitch and today I am curating six hours of innovative content for a conference at the Sydney Vivid Festival. Every work week offers a new experience to learn and build on your skill base for the next project.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

The next 10 years of technological development will see an amazing shift in not only the way people shop but also how individuals communicate to each other and brands. Consumers will continue to demand much more than products from a brand, opting for immersive and experiential experiences at every touch point.

## SUMMARY

This chapter focused on reference groups, influences of reference groups, types of reference groups, and the influences of associative, aspirational and dissociative reference groups. Following is a summary of concepts under learning objectives, with metaphors to illustrate each learning section.

1   Explain reference groups.
    A reference group is like birds of a feather flocking together; that is, groups sharing a common bond. A reference group is an individual or group that influences the attitudes, behaviour, standards and values of another person or group. The reference group could be real or fictitious, informal or formal, and direct or indirect. The normative referent group (or socially proximal referent group) influences through its norms, values and attitudes. The comparative referent group (or socially distant referent group) influences through its standards of achievements and lifestyles. The reference group could influence your support for brands, products, services and ideas.

2   Distinguish between the various influences of reference groups.
    The three ways of influencing reference groups are like the three sides of an interconnected triangle. Reference groups have the following influence:

    a   informational influence—when they provide credible information to help you make informed consumer decisions
    b   utilitarian or normative influence—where you conform to useful social norms of reference groups on appropriate behaviour to be socially accepted (and not be ridiculed), such as whether to serve red or white wine at a meal
    c   value-expressive or identification influence—where you identify with the values of a reference group that reflect your self-identity, such as an 'underdog' who needs every encouragement.

    A reference group could simultaneously provide you with informational, utilitarian and value-expressive influence, such as an Apple user group.

3   Distinguish between the different types of reference groups.
    The three different types of reference groups are like a 'love triangle', with three individuals involved in relationships:

    a   The associative reference group is one that you associate with directly or indirectly, such as family, friends, your preferred retailer and your favourite brand website.
    b   The aspirational reference group is one to which you aspire, or to which you compare yourself against their achievements and lifestyles, such as celebrities and opinion leaders.
    c   The dissociative reference group is one with which you may wish to dissociate, such as murderers or bullies. However, some people may associate with dissociative reference groups for personal or cultural reasons.

Hence, like a love triangle, you may associate more with two persons, aspire to be like the third party or dissociate with one person eventually.

4   Discuss the influence of associative reference groups.
Associative reference groups are like bees to honey, hence you buzz around them. The associative reference groups and their influences include:

a   people you know directly—family and friends influence your consumer socialisation to be a smart consumer.

b   consumers whose opinions are useful—for example, consumers who learn about government action groups and their rights as consumers, consumers who establish ongoing action groups such as the One Million Moms group in the USA or the Parents' Jury in Australia, consumers who join ad hoc protest or support groups (such as protesting to bring back the original Coca-Cola formula or voting to save Mortein's Louie the Fly from being discontinued) and consumer bloggers whose recommendations and ideas are practical. Online word of mouth is a powerful way to spread messages through YouTube, Twitter and WhatsApp.

c   branded websites—for example, Harley-Davidson, Encyclopedia Britannica, BMW Motorcycle and LinkedIn have created brand communities where like-minded consumers interact with one another and the brand. Corporate websites and Facebook pages also engage brand communities and online fans.

d   editorial content—you tend to associate with newsy and credible sources. Trust in news media varies across countries. Advertorials or advertisements disguised as editorial content have become popular but may be misleading. Corporate blogs also reach out to various reference groups.

5   Discuss the influence of aspirational reference groups.
Aspirational reference groups are like perfumes, where you wish for some of their fragrance or effect to rub off on you. Opinion leaders, such as politicians and news media, may influence you. Celebrities who appear often in news media, brand advertising, awards events, personal product launches, Facebook pages and country visits may influence you. Different kinds of celebrities, such as entertainers and powerful people, may influence your reading habits, fashion choices, sports interests, cars purchases and social media habits. However, celebrities may be negatively portrayed from time to time and may have a 'vampire effect', where we are more aware of the celebrities than the brands.

6   Discuss the influence of dissociative reference groups.
Dissociative reference groups are like the saying 'One person's meat is another person's poison'. We may dissociate for cultural reasons, dislike celebrities who are not good role models, protest against some 'evil' companies and empathise with dissociative advertising against deviant behaviours. There are some groups that people universally loathe and dissociate with, such as paedophiles and child abusers. There are groups that we may culturally dissociate with temporarily or permanently but other groups may associate with them, such as tattooed people and 'bad boys'. We may dissociate with some deviant behaviour offline but associate with such behaviour online, such as staring and bullying.

## KEY TERMS

Advertorial

Aspirational Reference Group

Associative Reference Group

Brand Ambassador

Brand Community

Comparative Referent Group

Consumer Socialisation

Crowdsourcing

Dissociative Reference Group

Extended Family

Hoon

Infomercial

Informational Influence

Market Maven

Mombassadors

Normative Referent Group

Nuclear Family

Opinion Leader

Reference Group

Surrogate Consumer

Utilitarian Influence

Value-Expressive Influence

Vampire Effect

## END-OF-CHAPTER QUESTIONS

1  What nasty online abuse or trolling have you experienced or read about?

2  What is your perception or definition of a reference group in consumer behaviour?

3  Who and how have influenced you in the following?

    a  informational influence

    b  utilitarian or normative influence

    c  value-expressive or identification influence

4  Which associative reference groups influence your consumer behaviour?

5  Which aspirational reference groups influence your consumer behaviour?

6  Which dissociative reference groups do you dissociate with?

7  Which reference groups do you trust the most?

8  How would you describe your family unit (nuclear, extended, etc)?

9  Which reference groups have influenced you the most in consumer socialisation; that is, to help you learn to be a consumer?

10  Which consumer opinion groups do you associate with: government action groups, ongoing consumer action groups and/or ad hoc consumer action groups?

11  Do you blog? If so, on what topic and which blogging platform do you use (Blogger, Wordpress, Tumblr, etc)? If not, do you follow blogs?

12  Are you part of any brand communities? If so, which ones?

13  How are you influenced by news editorial content, advertorials and corporate blogs?

14  Which opinion leaders and/or celebrities inspire you and why?

15  Which illustrated and detailed industry examples from this chapter intrigue you and why?

16  What are your metaphors for reference groups?

## FURTHER READING

The millennial consumer

    www.brandchannel.com/images/papers/536_BCG_The_Millennial_Consumer_Apr_2012%20(3)_tcm80-103894.pdf

Do brands need celebrities?

    www.forbes.com/sites/pauljankowski/2012/05/18/do-brands-need-celebrities

## WEBLINKS

Consumer behaviour articles, *New York Times*
http://topics.nytimes.com/top/reference/timestopics/subjects/c/consumer_behavior/index.html

Journal of Consumer Psychology—
www.sciencedirect.com/science/journal/10577408

Social Influence—
www.tandfonline.com/toc/psif20/current

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# McDonald's and overseas markets

By Peter Ling, RMIT University

## Introduction

Brothers Dick and Mac McDonald opened McDonald's Bar-B-Q drive-in restaurant in San Bernardino, California, in 1940 and converted it into a self-service restaurant in 1948. The famous French fries and milkshake appeared on the menu in 1949.

In 1954, 52-year-old milkshake salesman Ray Kroc became McDonald's' franchise agent after being impressed by its service operation. Ray Kroc eventually bought the business from the brothers. In 1967, McDonald's went international, first in Canada and then Puerto Rico. McDonald's now operates in 35,000 outlets in 100 countries.

McDonald's is exemplary in acculturating its menu to local tastes. It has a Big Spicy Paneer Wrap in India, Red Bean Sundae in China, Ebi Fillet-O of breaded prawns in Japan, Croque McDo ham and cheese sandwich in France, WiesMac beef patty with mustard and horseradish sauce in Poland, McKroket beef ragout on a bun in the Netherlands, Kofteburger kebab with mint and parsley in Turkey, McArabia cumin-spiced beef sandwich in Morocco, McMollete McMuffin without egg but with beans, cheese and salsa in Mexico and Samurai Pork Burger in Thailand.

## McDonaldisation

Its success has been labelled as 'McDonaldisation of society'. Not only is the quick-service restaurant popular among children and families, but it also has a solid brand equity among communities because of its local employment of staff and its Ronald McDonald's House network to accommodate families of sick children while they're in hospital.

This community equity was evident in 1992 during the Los Angeles racial riots when McDonald's restaurants were spared amid other burning and damaged buildings. McDonald's' equity through acculturation of the domestic community was succinctly expressed by Edward H Rensi, then president and CEO of McDonald's USA: 'Our businesses there are owned by African-American entrepreneurs who hired African-American managers who hired African-American employees who served everybody in the community, whether they be Korean, African American or Caucasian.'

This McDonaldisation of US society has not always had the same positive effect in Europe. French farmers disliked the Americanisation symbolised by McDonald's and demonstrated when they were upset by a US decision to levy 100 per cent tax on French products in 1999. McDonald's

had to pacify the French with a campaign indicating that the company was acculturated to French society with the use of French produce in its restaurants.

Triggered by various lawsuits against McDonald's for causing obesity, US filmmaker Morgan Spurlock conducted an experiment over 30 days eating burgers three times a day. Spurlock ballooned in size and produced the documentary *Supersize Me*. McDonald's responded with an advertising campaign agreeing that overeating without exercising is bad but balanced eating at McDonald's is not.

In the Asia–Pacific region, McDonald's acculturated to learn about new cultures. Some markets creolised by integrating McDonaldisation into the local culture; for example, it is known as Maccas in Australia and McD in Malaysia because of the local cultures of abbreviating names. Globalisation brought along foreign films and McDonald's ran global sales promotions that included the Asia–Pacific region, such as the *Shrek* promotion in 2007 in over 100 countries with collectibles featuring Shrek, Princess Fiona, Donkey and Puss in Boots.

## Australia

Australians had a taste of McDonald's in 1971 when the first restaurant opened in the Sydney suburb of Yagoona. Then it was the first Australian 'drive-thru' store in Warrawong, New South Wales in 1978; the first Ronald McDonald House at the Royal Alexandra Children's Hospital, Camperdown, New South Wales in 1981; the world's first McCafé in Melbourne, Victoria in 1993; Australia's flagship burger McOz in 1999; McDonald's as the Official Restaurant of the Sydney 2000 Olympic Games; and the 100th McCafé store in Australia in 2003.

In 2011, McCafé became Australia's largest coffee chain with 653 outlets, sent its crew for barista training and introduced a stronger coffee bean blend—not bad for a product that Australian McDonald's licensee Ann Brown had created in coffee-mad Melbourne. The Melbourne idea spread overseas, with McDonald's announcing in 2009 that 11,000 US stores would have McCafé coffee stations. In 2013, McCafé hired 2000 baristas to serve its 750 outlets in China and announced plans to open 75–150 McCafé outlets in India. In 2014, it collaborated with Kraft Foods Group to pilot sales of McCafé-branded packaged coffee in grocery stores in various US markets.

## India

McDonald's could not sell its products, the beef burger and bacon, in India because the country's religion is primarily Hindu, which forbids the consumption of beef, and secondarily Muslim, which prohibits eating of pork. Undaunted, McDonald's localised a menu that leveraged India's spice culture and appealed to a country with the second highest population in the world. Its non-beef and non-pork menu includes Veg McMuffin, McVeggie Meal, Veg Pizza McPuff, Chicken Sausage McMuffin, McSpicy Chicken, Big Spicy Paneer Wrap (see Figure 2.A1) and Chicken Maharaja ('prince') Mac.

**FIGURE 2A.1**
McDonald's Big Spicy
Paneer Wrap

## China and the Chinese diaspora

McDonald's entered the Beijing market in 1992, serving 40,000 customers on day one. Although McDonald's launched a chicken and rice combination, staple dish for the Chinese, it has not been able to eat into the sizeable market share commanded by KFC. KFC has 40 per cent market share while McDonald's has just 16 per cent. Nevertheless, there has been McDonaldisation of China and glocalisation of Americana to make fast food more exotic for dining and birthday celebrations in McDonald's, as well as more popular because of air-conditioned comfort and cleaner facilities.

Capitalising on the large Chinese population in Malaysia, McDonald's launched a Prosperity Burger of beef and special sesame sauce in Malaysia in 1994 to coincide with the Chinese lunar New Year (see Figure 2A.2). The name appealed to the prosperity culture of the Chinese and the sauce aligned with Chinese food culture. The product became so successful that it was rolled out to other Asian markets with a substantial Chinese population, such as Hong Kong, China, Taiwan, Thailand, Philippines, Singapore, Malaysia, Korea and Indonesia.

## Hong Kong and Singapore

In January 2010, McDonald's introduced a Japanese doraemon toy promotion featuring zodiac animals to coincide with the Chinese lunar New Year. Hong Kong offered the full set of twelve toy animals: dog, dragon, horse, monkey, ox, pig, rabbit, rat, rooster, sheep, snake and tiger.

For Singapore, McDonald's replaced the pig symbol with Cupid, as the sizeable Muslim community does not consume pork and because Valentine's Day was on the same day as the Chinese lunar New Year in 2010. However, this attempt to empathise with the Muslim community backfired. Chinese, Malay and Indian customers in Singapore protested in newspapers and online

**FIGURE 2A.2**
McDonald's Prosperity
Burger



websites. The Chinese felt that McDonald's had not respected Chinese culture by replacing the pig symbol with Cupid. The Malays opined that McDonald's had been unduly over-sensitive as it was only a pig toy, which the Malays could have bought for their Chinese friends. The Indian Sikhs who do not consume beef thought that McDonald's was bigoted, as the ox toy had been retained. The media described the promotion as a fiasco.

During the online media uproar, some Chinese consumers, who were born in the Year of the Pig or who wanted to buy the pig toy as gifts, either bought the toy directly in Hong Kong or through friends visiting Hong Kong. In the end, McDonald's apologised on 22 January and offered the pig toy in April (see Figure 2A.3).

Several researchers who investigated why the Singapore public had rejected the zodiac promotion concluded that it was a cultural territorial clash on three levels: the conflict between the disciplinary structures of McDonald's, who disallowed the pig toy in the promotion, and the Chinese consumer, who insisted that the pig toy was necessary to complete the zodiac set; the discord on ethics responsibility, where McDonald's believed it was ethically responsible to Muslim customers for removing the sensitive pig symbolism, while consumers perceived that McDonald's was ethically irresponsible for not considering other ethnic cultures in multicultural Singapore; and the non-alignment of identity perception, where McDonald's' halal identity in restaurants led the company to eradicate any pig association, while Chinese consumers, especially those born in the Year of the Pig, felt that the pig symbolism was their identity in Chinese culture.

**FIGURE 2A.3**
McDonald's pig
doraemon
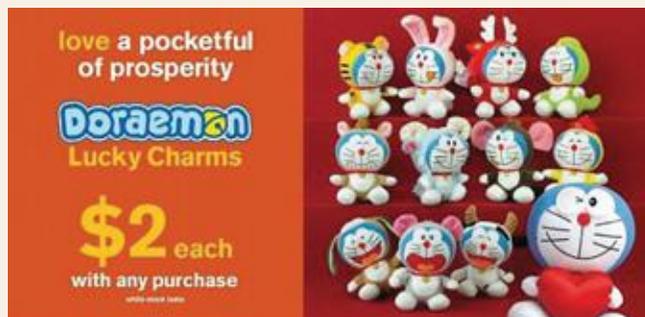
## QUESTIONS

1  How did McDonald's acculturate its menus in global markets?
2  Why has McDonald's' success been labelled the 'McDonaldisation of society'?
3  How has Australia contributed to McDonald's' growth?
4  How has McDonald's grown its business in India, China and Asia?
5  How would you explain consumer resistance to McDonald's' zodiac animal promotion in Singapore in 2010?

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# The Ritz-Carlton Millenia Singapore: the next phase

By May O. Lwin, Nanyang Technological University, Singapore

## Introduction

The management of Ritz-Carlton Millenia Singapore (RCMS) was planning its marketing strategy for its 608-room hotel. Based on its wide selection of amenities, high quality services and the larger room spaces, it aimed to compete with the top hotels in the country in attracting business travellers. The question was whether RCMS should also try to attract tourists, and, if so, how that could be achieved without diluting its present positioning.

## Background

In early 2014, RCMS Marketing Director pondered over how to establish widespread awareness of the hotel's brand name in Singapore and around Asia among Asia's elite.

RCMS began operations in Singapore in January 1996. In the intervening years Singapore continued to strengthen its popularity as a destination for international visitors. The city is actively marketed as a stopover point for tourists and businesspeople who wish to explore its myriad activities. Singapore has also seen rapid growth in its number of luxury hotels. The Marketing Director was wondering how a distinctive and unique marketing communications strategy could be developed to help RCMS leapfrog its competitors.

## The Ritz-Carlton Hotel Company

The Ritz-Carlton chain of deluxe hotels began when César Ritz—the 'king of hoteliers and hotelier to kings'—opened the Ritz Paris and the Carlton in London in 1898. Together with the London Ritz, opened in 1906, these hotels redefined luxury hotels by being innovative and service-oriented. By 2012, the company had grown to thirty-eight hotels and resorts across the world, including all major cities in Asia. The company places much emphasis on providing the highest level of customer service possible, as articulated in its 'Gold Standards' of service and quality.

The Ritz-Carlton Millenia Singapore is a thirty-two-storey hotel situated in the heart of Marina Center, a location being touted as the new downtown, with retail, entertainment, commercial and recreational facilities. The rooms are 25 per cent larger than those in other five-star hotels and have large windows that, depending on the room, allow for either a spectacular outlook of the Marina Bay or the Kallang Bay and the city skyline. These commanding views can even be enjoyed

by guests in the bathroom because those rooms are positioned on the outside wall—a first in Singapore (see Figure 2B.1 for a map of the Marina Center and adjoining areas).

**FIGURE 2B.1**
Map of area around Ritz-Carlton Millenia Singapore
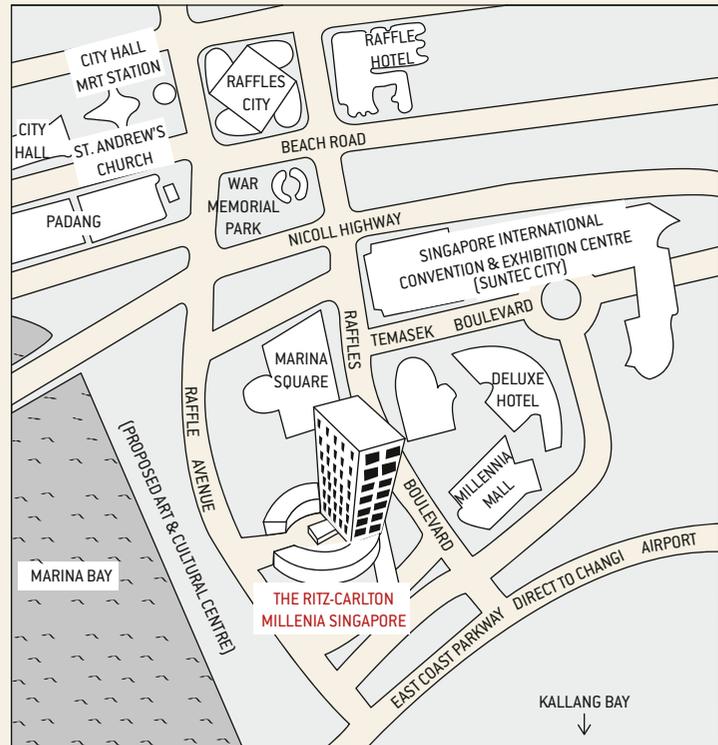


The hotel offers a range of amenities such as the Health Club comprising a fitness centre, spa and pool. Guest services include 24-hour room service, 24-hour maid service, internet, executive business services, concierge service, limousine pick-up from the airport and multilingual voicemail.

The Ritz-Carlton Club, located on five floors, consists of ninety-six guestrooms and fourteen suites. A private staffed lounge area is open to those staying at the Club, which is designed to be an extension of the guest's room. It serves five complimentary food and beverage presentations daily, so guests always have something to snack on. A personalised concierge service is also provided for these guests.

## Industry background: the changing global environment

In the eighteen years since RCMS's opening, advances in communication technology have removed distance as a barrier to worldwide interaction. The world has moved towards becoming a

digitally integrated global village, making consumers everywhere more aware of different places and cultures. One effect is the emergence of a subculture of people who have a fondness for frequent and often luxurious travelling. This subculture has been further nurtured by increasing standards of living and disposable income in many countries, especially China. With travel being regarded by some as a status symbol, significant growth in the real per capita income of the region's countries means that more people seek travel to places that were either previously inaccessible or too costly. Furthermore, domestic stimuli, like the introduction of a five-day work week in China, are expected to be a precursor of increased visitor numbers from these countries.

## Direct competitors

1   *Four Seasons Hotel*. The Four Seasons Hotel and Resort Group manages the Four Seasons Hotel, an international five-star luxury hotel in Singapore. Its 'unique selling proposition' is its excellent service. It highlights its club-like luxury that aims to make guests feel the warmth and cosiness of one's very own home. Its target market is the frequent independent traveller.
2   *Shangri-La*. The Shangri-La is the largest Asian-based luxury hotel group in the region. The chain has thirty-seven properties throughout Asia. Its ample land space at its Singapore property allows it to have three wings: the Tower Wing, the Garden Wing and the Valley Wing. The hotel maintains loyalty programs that give members priority when placing reservations and other special benefits.
3   *Grand Hyatt*. The Grand Hyatt group of hotels is part of a larger chain of hotels run by Hyatt Hotels and Resorts. All Grand Hyatt hotels have a business centre equipped with the latest in technology, plus secretarial services and access to the latest happenings on the local business scene. Consistent with its aim to be centrally located, the Grand Hyatt Singapore is situated in the heart of Orchard Road, Singapore's shopping and entertainment area.
4   *Fullerton Singapore*. This hotel resides in a building full of historical significance; officially opened in 1928, the Fullerton once housed the Singapore Club, the Chamber of Commerce and the General Post Office. Reflecting the historical significance of the building it occupied, the Fullerton Singapore markets itself as a cross between 'nostalgic elegance' and 'modern comforts'. While no loyalty program is yet available, the hotel has the Straits Club, which is an extension of privileged facilities to guests.
5   *Indirect competitors*. Indirect competitors in Singapore are many; they include the Marina Mandarin, the Oriental, the Pan Pacific and the Westin Stamford.

## Travellers' viewpoints of hotels

According to recent surveys, business travellers usually go through intermediaries such as travel agents to make hotel reservations. While the internet has not gained widespread usage among high-end business travel yet, it is gradually attracting more and more business travellers due to its speed and convenience, and the easy access to information such as the rates of other hotels.

Business travellers usually decide where to stay based on location, price, recommendations and reputation, in that order. Business travellers are also particular about the service the hotel provides them. Of importance is the service quality and especially an exclusive and reputable image. The survey also reveals that king rooms are the most popular types of rooms for business travellers. Such travellers also prefer to work in their guestroom—preferably with a large working desk, wireless access and a comfortable desk chair.

Almost half of the visitors who come to Singapore are on holiday. For this group a high amount of emphasis is placed on a hotel's location—particularly access to shopping hubs and tourist attractions. Another essential requirement in the leisure travellers' choice of a hotel is service, along with the ambience of the hotel. These two aspects are important enough to have the issue of cost completely factored out if the hotel is able to fulfil them.

Leisure travellers also consider whether the hotel provides clean rooms, a refrigerator, internet access and complimentary tea and coffee. Breakfast should also be included in the basic room rate.

## Target segmentation and positioning

RCMS divides its market into two large segments: the leisure and business segments. However, its focus has always been in the business segment, which in 2014 contributed 95 per cent of the hotel clientele.

Many industry experts predicted that among business travellers there would be increasing number of 'frequent independent travellers' (FITs). This group, which makes up the core of RCMS's clientele, consists of chief executive officers (CEOs), presidents, vice-presidents, managing directors and the top management of large multinational corporations. They are rarely bound by tight company budgets. As long as the choice of their hotel provides superior and value-added services that justify the price, they are willing to pay extra just to enjoy those personalised services. Furthermore, staying at a reputable hotel reflects their higher status in society. These customers fit the profile of the FITs within the business traveller segment targeted by RCMS. The other obvious potential segment is the leisure market, which makes up the bulk of arrivals into Singapore. It is estimated that the top 2–3 per cent of these tourists fall in the premium travel category at any one time, most likely choosing to stay in top-end hotels like the Shangri-la, which caters strongly to the leisure market.

Since RCMS opened, it has positioned itself at the very top end of the market. It has successfully achieved a reputable image and has garnered many international awards such as the 'Five Star Diamond Award' from the American Academy of Hospitality Sciences. The management team's major concern was its uncertainty as to whether RCMS should continue to upgrade its positioning and cater more strongly to the upper-end of the business market or look to other segments in the marketplace. As the Marketing Director noted, 'A number of other hotels like the Shangri-La and the Four Seasons Hotel have started utilising a similar positioning of service differentiation'. He cited an Omnibus survey (see Table 2B.1).

| | SINGAPOREAN PUBLIC | BUSINESS TRAVELLERS | LEISURE TRAVELLERS |
|---|---|---|---|
| Awareness of RCMS | 80.0 | 56.6 | 36.8 |
| Knowledge of:<br>    RCMS<br>    the Ritz-Carlton chain | 76.2<br>66.3 | 53.0<br>55.2 | 21.9<br>45.0 |
| Positive attitude | 73.0 | 39.0 | 16.5 |
| Preferred list (top three) | 35.4 | 18.5 | 9.6 |
| Intention to visit* (within next three months) | 15.8 | 9.3 | 2.8 |
| Intention to revisit | 10.0 | 6.0 | 3.0 |

**TABLE 2B.1**
Perception of RCMS based on Omnibus survey responses

*For the Singaporean general public, a visit refers to attending any hotel outlet (for example, to have a meal). For travellers, a visit refers to stays.

## RCMS marketing mix

### Brand and product

RCMS has traditionally emphasised its service, which is intangible. It implies that the production and consumption are concurrent, requiring constant attention from management and staff of the hotel. For a luxury hotel, one of the key success factors is the quality of service. RCMS has institutionalised the determinants of quality service within its own credo. The hotel's front-line staff are given a flexible budget of up to US$2000 for service recovery. Aside from this, service providers are also evaluated on certain tangible cues that customers value. The attitude of the staff, the decor of the hotel and other visible aspects of the hotel play an important role in fulfilling (or failing) guests' expectations of the level of service.

### Location and pricing

RCMS is located in the heart of the city, with the airport only a ten-minute taxi ride away. The hotel is also easily accessible via buses and the Mass Rapid Transit (MRT), Singapore's railway system. RCMS is sheltered from the noise by its seven-and-a-half acres of lush landscape. Hence, guests are assured of two key attributes: peace and privacy.

    RCMS adopts a premium pricing policy. This pricing strategy is consistent with the hotel's image as a luxury chain.

### Promotions

RCMS relies primarily on advertising through the mass media to promote the hotel and its services. Through advertising, RCMS hopes to develop awareness and build a positive image for its hotels.

The most visible form of advertising adopted by RCMS is print advertising. Conventional wisdom suggests that this is an appropriate medium considering the characteristics of the hotel's target audience. Print advertising has also allowed management to be more selective as to where advertisements are placed to enable them to reach their target audience. RCMS's advertisements are typically found in business publications in order to attract business travellers, and in leisure and travel magazines to attract leisure travellers.

RCMS's advertisements are usually homogeneous within each campaign. This is achieved through the use of consistent colours, layout and even body copy (see Figure 2B.2).

RCMS has a corporate website on the internet that provides updated information on its products, events and promotions for all the company's hotels around the world. Through this website, customers can make online reservations through a centralised reservation system, and may also receive promotional room rates offered only to bookings made through the internet. The hotel also uses direct mailing to travel agents and corporate planners to update them on promotions, room packages and upcoming events. No direct mail is sent to guests, as guests typically do not receive the mail because of their high mobility.

**FIGURE 2B.2**
Typical Ritz-Carlton Millenia print advertisements



## QUESTIONS

1   Who should RCMS target as its primary segment in the short term (next one to three years)?
2   Could the RCMS attract the leisure segment without losing its appeal to the business market?
3   How can RCMS manage its service differentiation to prepare for the increasing competition?
4   What other promotional activities would you recommend to target RCMS' key consumer segment?

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# Lipton and reference groups

By Peter Ling, RMIT University

## Introduction

Sir Thomas Lipton started out as a bookshop errand boy in Glasgow, Scotland, but took on various jobs after he became a steerage immigrant in the USA: a grocery store worker at aged 15, a mule streetcar driver in New Orleans, a travelling portrait salesman and finally a plantation worker in South Carolina and Virginia. He returned to Glasgow with his savings aged 26 to start a small grocery shop and expanded to Scotland, Ireland, Wales and England. Soon the tireless entrepreneur had bakeries in England, a large packing house in Chicago, fruit orchards and jam factories.

Lipton went to Ceylon (now Sri Lanka) in 1890 to search for the finest black tea to supply his shops. By the time he moved his business to London in 1891, Lipton had 5000 workers in his tea estates in Ceylon growing and blending his 'Quality No. 1' Lipton Yellow Label brand. The tin-packaged product was sold in 150 shops in England under the slogan 'Direct from the tea garden to the tea pot'.

Besides owning tea estates in Kenya and Tanzania, the Lipton company now sources tea from thirty-five countries that must pass the standards of its 'tea tasters' to provide a tea-bag blend that includes thirty types of tea. Its Lipton Institute of Tea has research centres in the UK, USA, China and Japan, which was the first overseas market for Lipton in 1906.

Lipton now sells black tea, green tea, 'chai' tea with exotic spice flavours, and 'pyramid' tea with a medley of blackberry, cherry, red currant, raspberry and strawberry flavours. There is also a Pepsi Lipton Tea Partnership to market Lipton ready-to-drink (RTD) tea in North America and Pepsi Lipton International to market Lipton RTD tea in Albania, Australia, Brazil, Czech Republic, Egypt, Greece, Gulf States, Hungary, Poland, Romania, Saudi Arabia, Singapore, Slovakia, Spain, Thailand, Turkey and Vietnam.

Lipton's current owner, Unilever, is committed to ensuring that all its tea sold in over 100 countries comes from Rainforest Alliance Certified farms that have good conservation practices and pay decent wages to workers.

## Marketing

Lipton was a keen yachtsman who challenged for the America's Cup in 1898, the same year Queen Victoria knighted him. Although Lipton was never successful, the San Diego Yacht Club created the Lipton Challenge in 1904 to honour his sportsmanship, a trophy that survives to this day. The Sir Thomas Lipton Trophy was first contested in 1909 in Turin, Italy, with teams

from England, Germany and Switzerland. Sir Thomas was also a philanthropic sports enthusiast and had been awarded the Grand Order of the Crown of Italy. Continuing this sporting tradition, Lipton RTD became the 'Official Iced Tea of Major League Baseball' from 2013 in the USA. In South Africa, Lipton ran a 'Never Lose Your Cool' summer promotion by creating the world's first floating vending machine platform for thirsty swimmers to enjoy refreshing vended tea, have photos taken with Lipton brand ambassadors and lifeguards promoting water-safety, receive a token for redemption in an onshore Lipton Lounge and win cash prizes or branded merchandise.

The Lipton brand has been associated with positive uplifting moments. In 2013, Lipton launched a global photo challenge that targeted young consumers in Canada, Chile, Greece, France, Finland, Italy, Netherlands, Pakistan, Poland, Sweden and the USA. Called 'Liptagram', the four week campaign invited fans to upload photos via Instagram to a weekly theme, such as Lipton Brightness, Lipton Excitement, Lipton Happiness (Lipton Uplifting in the USA) and Lipton Spontaneous. Three weekly winners won tablets, with the final winner receiving a trip for two to Lipton Kenya's tea estates.

## Advertising

Lipton's advertising also has its fans. There's the story of an Abu Dhabi customs director who stopped Lipton tea containers at United Arab Emirates ports because Lipton had changed its advertising in 1983 from his favourite 'horseman in a desert oasis' to a new commercial featuring the Bahamas. The customs director only allowed entry of the containers after Lipton reinstated the 'horseman' commercial for the director and his family to watch!

Lipton's advertising has featured celebrities. In 2010 and 2011, Lipton signed actor Hugh Jackman—the star of films such as *Wolverine* in the X-Men series, *Australia* and *Les Miserables*—to promote its Lipton Ice Tea globally through its advertisements 'Tokyo Dance Hotel' and the Uruguay-filmed 'Join the Dance'. The Tokyo commercial featured Hugh dancing in a Japanese hotel with workers, while the Uruguay advertisement showed young and old consumers dancing with Hugh at a beach and through the streets. The Unilever website commented on the choice of Jackman:

> Hugh Jackman is a perfect ambassador for Lipton Ice Tea; he's positive, full of energy, optimistic, hugely celebrated and humble, which are precisely the values held by the brand. We're very excited to be working with him and about the planned activity over the next few years.

A 2011 study by Millward Brown, a global leader in brand and communication research, also endorsed Hugh's popularity. He was ranked the number one most positive role model in Millward Brown's first Australian celebrity-brand matchmaking study, ahead of tennis star Pat Rafter, actress Rebecca Gibney, swimmer Geoff Huegill, basketballer Andrew Gaze, singer Olivia Newton-John, cricketer Glenn McGrath, model Jennifer Hawkins, singer Kylie Minogue and Swiss tennis star Roger Federer. Jackman was also number one in the most powerful celebrity list, ahead of Kylie Minogue and Nicole Kidman.

The Hugh Jackman advertisements for Lipton iced tea did not appear on UK television, partly because it was more appropriate to use online advertising to appeal to young drinkers, and partly because of the British culture of drinking hot tea. Instead, Lipton launched a sampling campaign with a million samples at football locations in Glasgow, Liverpool, Southampton and Swansea. In addition, the UK has a different view of Australian celebrities. When a 15-second Japan-only commercial featuring model Miranda Kerr 'singing' in Japanese for Lipton Limone appeared on YouTube, UK newspapers lambasted her as cheesy, an embarrassment, cringe-inducing and a sell-out.

## Muppets

Unilever launched a global advertising campaign for Lipton hot tea and iced tea on March 2, 2014 to coincide with the Academy Awards. The advertising features Kermit the Frog, Miss Piggy and other Muppets. The tagline 'Be More Tea' conveyed the need to enjoy life calmly amid the stress of city life, with Kermit a picture of serenity as he sips Lipton hot tea in a cafe, helps an elderly Muppet man across the street and cools down the much-harassed Miss Piggy with Lipton iced tea. The Lipton US Facebook site, which has over five million 'Likes', features many pictures of Kermit and the Muppets (see Figure 2C.1).

**FIGURE 2C.1**
Lipton and the Muppets



## QUESTIONS

1   Who were Thomas Lipton's reference groups?
2   Who are the reference groups for the Lipton company?
3   How has the Lipton brand been associated with uplifting moments?
4   Why did Lipton choose Hugh Jackman as a celebrity endorser?
5   What are some disadvantages of using celebrities as reference groups?

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# Islamic financial institutions: the role of culture and subculture

By Sujana Adapa, University of New England

Culture is dynamic and is integral to every community or institution. Culture defines the order of life and is inclusive of everyday practices of individuals, groups and communities. Culture is pervasive as the impact of culture on consumer behaviour is evident through beliefs, values and customs of the individuals in a particular society. Culture offers direction and provides standards and rules to satisfy consumers' needs by way of offering acceptable solutions. In today's globalised world, it is important for individual consumers and businesses to go through cultural learning and understand the concepts of enculturation (the way of learning one's own culture) and acculturation (the way of learning a new or foreign culture).

The three levels of culture that are important for the formation of effective marketing strategies and influence the consumer behaviour are the supranational, national and group levels. At the supranational level, culture reflects its dimensions that affect multiple cultures; at the national level, culture reflects the dimensions that relates to the core values, customs, personalities and other predispositional factors that tend to capture or explain the character of individuals of a particular country; and at the group level, culture reflects the subcultural differences.

Within a broader cultural perspective, subculture is an identifiable segment with distinct beliefs, values and customs that are unique when compared with other members of the society. Major subcultural categories include ethnicity, religion, occupation, region, gender and age, and these categories help marketers to segment their markets in order to effectively meet the needs, perceptions and attitudes of the individuals within a specific subcultural group.

## Islamic finance

In light of this discussion, Islamic finance gained attention worldwide from the late 1960s and modern-day Islamic financing practices are evident in more than fifty countries. Evidently, the first generation of Islamic investment bankers were from Egypt and Malaysia. Islamic principles are guided by *shari'iah Islami'iah* (Islamic jurisprudence), a particular Islamic school of thought reflecting different shariah regulatory frameworks. The Shariah Advisory Board offers fatwa or formal pronouncement of the Islamic financial products as shariah compliant. Over the past decade, shariah-compliant financial assets recorded a growth of 10 per cent per annum. The

rapid growth of Islamic finance is attributed to factors such as the liquidity of the petro-dollar, the rise of the international Muslim population, low penetration levels, ethical characteristics of the investments and the financial stability of the Islamic financial product and service offerings.

The major distinction between the conventional and the Islamic financial institutions is adherence to the notion of *riba* (usury), under which charging interest on the principal of the loan is prohibited. Islamic financial institutes operate on the basis of *mudarabah* and *musharakah*, which involves profit sharing, trustee-financing contract and the sharing of profits and losses in accordance with the capital contributions. The three major sources of funds available to Islamic financial institutions include the institution's own capital and equity, and transaction and investment deposits. Financial institutes offering Islamic products and services need to appoint shariah consultants to advise on all aspects of Islamic finance-related transactions. Shariah compliance is a prerequisite that aligns with the requirements of the Islamic faith. Currently there are 600 financial institutions operating in over seventy-five countries that offer Islamic banking, finance and insurance options.

## Islamic financial products and services

Typical Islamic products and services offered by the Islamic financial institutions include the following:

- *ijara*—the Islamic financial institution allows a customer to use purchased assets for an agreed period for an agreed amount of rent.
- *mudaraba*—this is a limited type of partnership arrangement between a silent investor and entrepreneur who needs capital to run a commercial business. The profits generated by the investment are usually shared between the partners in a predetermined ratio, whereas the losses are restricted only to the investor.
- *murabaha*—the Islamic financial institution purchases assets and sells them to its customers at a higher price by way of offering deferred payment terms to its customers.
- *musharaka*—this is a form of partnership arrangement, where one or all partners manage the venture, or all partners engage a third party to manage the investment. Profits are shared between the partners in a predetermined ratio, while the losses are shared in proportion to the capital contribution (Dusuki & Abdullah 2007).
- *sukuk*—this concept is similar to asset-backed bonds. The Islamic financial institution issues shariah-compliant financial certificates of investments to its customers.
- *takaful*—a form of insurance, a *takaful* fund accepts payments from a group of individuals and this fund is used to cover the group member's payouts when a claim is made.

**FIGURE 2D.1**
Islamic financial
products and services
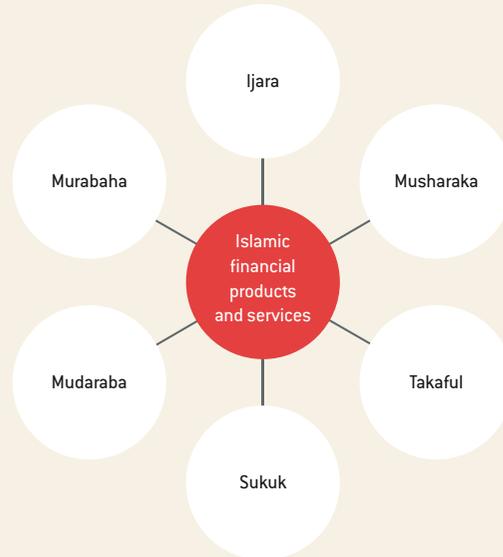


The distinct features of Islamic financial institutions (Gait & Worthington 2007) include the following:

- *riba*—prohibition against the charging of interest
- *maysir*—prohibition against games of chance (for example, gambling)
- *gharar*—prohibition of uncertainty or deceptive uncertainty
- *haram*—prohibition of forbidden activities
- *zakat*—a portion of the profits from the Islamic financial institutions is used for the benefit of the society.

## Islamic finance models

There are three popular models of Islamic finance:

1  Fully fledged Islamic finance—these are stand-alone Islamic finance institutions that offer a broad range of Islamic financial products and services that are shariah compliant.
2  Islamic finance subsidiaries—these are conventional banking or finance institutions that offer a separate Islamic finance subsidiary with distinct distributional, operational and infrastructural facilities. The parent company usually provides the necessary funding on the basis of shariah compliance.
3  Islamic finance windows—these are conventional banking or finance institutions that offer a limited range of Islamic financial products and services through their main distribution networks.

Approximately 250 Islamic financial institutions are operating throughout the world with more than US$200 billion worth of transactions under their control. In developing countries such
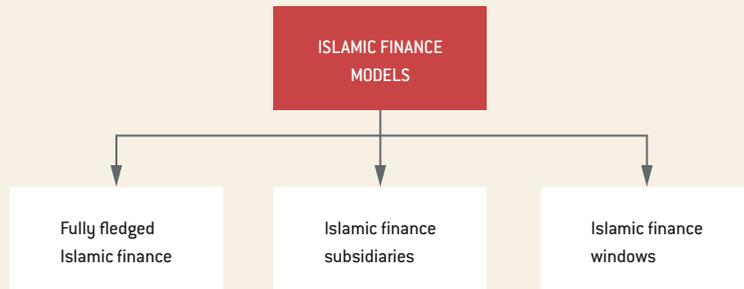
**FIGURE 2D.2**
Islamic finance models

as Bahrain and Iran, complete Islamic financing institutions are very popular and therefore offer a whole range of Islamic products and services. Countries such as Malaysia and the United Arab Emirates follow a dual system that combines both conventional and Islamic financing options. By contrast, in developed countries such as the USA and European states, large commercial banks increasingly are offering Islamic financing windows to meet the needs of the Muslim and non-Muslim customers and businesses.

## Islamic Finance—Australia

According to the Australian Census of 2011, 2.25 per cent of the total Australian population were Muslims and Islam was ranked as the fourth most popular religion, behind Christianity (64 per cent), no religion (22.9 per cent) and Buddhism (2.5 per cent). Australia's Muslim population is geographically scattered and often regarded as ethnically and linguistically diverse (Department of Foreign Affairs and Trade, 2008). Available data indicates that Australia currently has twenty locally owned banks, eight foreign subsidiary banks and forty branches of foreign banks (Australian Prudential Regulatory Authority, 2013). Yet none of these banks currently offers Islamic banking products and services. Kuwait Finance House, which has its base in Melbourne, is the only foreign subsidiary that offers Islamic financial services in Australia.

There are smaller institutions that offer some Islamic financial services. The MCCU (Muslim Community Credit Union), which started in 1999, mainly offers retail banking accounts, while the MCCA (Muslim Community Cooperative Australia Ltd.), which started in 1989, mainly focuses on personal and business investment accounts, and the collection and distribution of *zakat* (charitable donations).

There exists an opportunity for the Australian financing sector to develop a niche market in Islamic financial services and meet the needs of the Islamic community in a respectful and effective manner. In order to gain popularity alongside the conventional financial institutions, Islamic financial services need to educate individuals and business customers about how these financial institutions can meet the requirements of both Muslim and non-Muslim categories. However, the regulatory environment needs to undergo substantial modification in order for such institutions to flourish. Reform is particularly needed in law and taxation policy. However,

creating an enabling legal environment within the Australian context is challenging due to the existence of two-tiered regulatory (state and federal) frameworks, and due to the lack of uniform regulatory procedures across the different states and territories.

## QUESTIONS

1   What levels of cultural understanding are important to meet consumer expectations and the formation of marketing strategies?
2   Are Islamic financial institutions aligning with the concepts of enculturation and acculturation?
3   What do you think are the key differences between conventional and Islamic financial institutions?
4   Is there a scope for Islamic financial institutions to find a niche market in Australia?
5   What do you think is the role of policy for the growth of Islamic financial institutions in Australia?

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# PART THREE

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# CONSUMERS AS INDIVIDUALS

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# NEEDS, MOTIVATIONS AND CONSUMER BEHAVIOUR

Peter Ling

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1 describe Covey's four basic human needs
2 distinguish between needs and wants
3 explain various needs and motivation theories
4 connect the various needs and motivation theories
5 discuss advertising appeals used to connect with needs and motivations
6 discuss motivational research and projective research techniques.

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## PREOCCUPATION WITH PHYSICAL NEEDS

**FIGURE 5.1**
Doctors from the Australian version of *Embarrassing Bodies*

*Embarrassing Bodies* is a British show that lives up to its name.[1] It features medical conditions such as blisters on the penis, urinary incontinence, unsightly breast reconstruction, facial malformations, and gender reassignment outcomes.

Besides showing real doctors interacting with patients—listening for the problem, checking the body problem and advising patients on the best solution—the doctors also refer patients to specialists and then have follow-up consultations. The show also highlights doctors having webcam chats with people or visiting public places such as the beach to provide consultation.

The show's website (www.channel4embarrassingillnesses.com/myhealthchecker) is full of information, too (see Figure 5.1). It enables you to check on attention deficit hyperactivity disorder (ADHD), autism, body mass index, basal metabolic rate, body fat, depression, diabetes, dyslexia, hand—eye coordination, kidney and lung function, moles, obsessive compulsive disorder, oral health, pulse and heart rate, reaction time and urinary function. After taking a test on My HealthChecker, you can compare your results to the general user average by age, gender, ethnicity and occupation.

There is also a My Video Doctor service, where doctors provide information on the symptoms of various ailments or conditions, such as diarrhoea and vomiting, cold and flu, rashes and skin problems, and female and male sexual health. Each video also provides links to the National Health Service in England for more detailed assessments. A similar service, Quick Health Advice, offers advice on male hair loss, piles, excessive sweating, warts, athlete's foot, acne, moles, bad breath and unwanted facial hair. There's also a Facebook site with content from the television shows and feedback from readers.

When the show was launched in 2008, it attracted over 12 million viewers who wanted to look and feel good about their bodies. The Channel 4 show also has spin-offs such as *Embarrassing Teenage Bodies*, *Embarrassing Bodies: Kids*, *Embarrassing Fat Bodies* and *Embarrassing Bodies: Live from the Clinic*. The *Embarrassing Bodies* show has spread from the UK to Australia, Belgium, Canada, Denmark, Finland, Germany, Holland, Italy, New Zealand, Norway and Spain.[2] When Channel Nine introduced the television show in Australia in 2012, there were a million viewers aged 16 to 54.[3]

## INTRODUCTION

Interest in the *Embarrassing Bodies* show appears to reflect a preoccupation by people of all ages about physical aesthetics. Our physical looks and health may influence how we think and feel, which in turn can impact on our physical well-being. Hence, our interrelated needs motivate us to act in certain ways.

What, then, are our basic interrelated needs? How are needs different from wants? What are the various theories on needs and motivations? How connected are the various theories on needs and motivations? How do advertisers appeal to our needs and motivations? How do marketers research to uncover our motivations? This chapter addresses these questions.

## BASIC HUMAN NEEDS

Describe Covey's four basic human needs.

Following the success of his bestselling book, *The 7 Habits of Highly Effective People*, *Time* magazine in 2001 described Dr Stephen Covey as an influential US human-potential guru.[4] *Forbes Magazine* and *Chief Executive* magazine named the book one of the most influential management books of the twentieth century.[5] The book has sold over 20 million copies in forty languages since its launch in 1989.

The book was based on Covey's doctoral thesis, in which he studied 'success literature' over a period of 200 years.[6] Covey had highlighted four basic interrelated needs of life:[7]

1    Our human nature is made up of our body, mind, heart, and spirit.
2    These four parts of human nature represent our **physical quotient** or PQ (body), **intelligence quotient** or IQ (mind), **emotional quotient** or EQ (heart) and **spiritual quotient** or SQ (spirit).
3    People are motivated by four basic needs: to live, learn, love and leave a legacy.

Here is a quick description of each basic adult need.

• *Need to live*. We need to eat, exercise, rest and sleep to live healthily. We need clothing and shelter. We need to work to provide for the moment and the future.
• *Need to love*. We need to love and be loved. This is a form of emotional or social connection with family, friends, colleagues and the community.
• *Need to learn*. We need to learn to observe, read, write, speak, listen, calculate, think and solve problems throughout our life.
• *Need to leave a legacy*. We need purpose, congruence and contribution in our life. We could leave a legacy of how to live, love or learn passionately and how to serve the community.

Covey's four basic needs could be categorised under mental (mind), emotional/social (heart), physical (body) and spiritual (spirit)—or MEPS. Metaphorically, this is similar to maps that provide directions. Table 5.1 explores Covey's theory through MEPS.

**TABLE 5.1**
Our basic needs—mental, emotional, physical and spiritual

| MENTAL | EMOTIONAL | PHYSICAL | SPIRITUAL |
|---|---|---|---|
| Mind | Heart | Body | Spirit |
| Learn | Love | Live | Legacy |
| IQ (intelligence quotient) | EQ (emotional quotient) | PQ (physical quotient) | SQ (spiritual quotient) |

Where do the seven habits of highly effective people fit into the MEPS framework? First, here are the habits:[8]

1    *Be proactive.* This is a state of mind. You choose to be responsible for things within your control; for example, being positive or negative, healthy or unhealthy, and so on.

2   *Begin with the end in mind.* This is a mental creation. You envision your future with a personal mission statement to guide your desired direction.

3   *Put first things first.* This is the physical creation where you manage your life to focus on roles, goals and priorities to help you achieve your vision.

4   *Think win-win.* This is about emotional cooperative interactions and the **abundance mentality** for mutual benefits.

5   *Seek first to understand, then to be understood.* This is about emotional listening to really understand the person you interact with.

6   *Synergise.* This is about emotional teamwork and open-minded creative cooperation. You value diversity so that one plus one equals much more.

7   **Sharpen the saw**. This is about energising the whole person or spirit through frequent self-renewal mentally, emotionally, physically and spiritually.

Covey advocated the following dimensions of balanced self-renewal:[9]

*   *Mental.* Learning, reading, writing and teaching.
*   *Emotional.* Making social and meaningful connections with others.
*   *Physical.* Beneficial diet, exercise and rest.
*   *Spiritual.* Spending time in nature, and expanding the spiritual self through meditation, music, art, prayer or service.

Table 5.2 shows how the seven habits fit within the MEPS framework.

**abundance mentality**
A Covey concept to acknowledge that humans have an abundance in life for cooperative win-win mutual benefits

**sharpen the saw**
A Covey concept on energising the whole person or spirit through frequent self-renewal mentally, emotionally, physically and spiritually

| | MENTAL | EMOTIONAL | PHYSICAL | SPIRITUAL |
|---|---|---|---|---|
| **Habits** | Habit 1: Be proactive Habit 2: Begin with the end in mind | Habit 4: Think win-win Habit 5: Seek first to understand, then to be understood Habit 6: Synergise | Habit 3: Put first things first | Habit 7: Sharpen the saw (to renew mental, emotional and physical needs as well) |

**TABLE 5.2**
MEPS and Covey's seven habits

These needs are interrelated. Meditation or a kind heart lifts the spirit, and a healthy body leads to a healthy mind and healthy spirit. A person whose value in life is not just about working to live could donate time or money to a community cause and feel good in spirit, heart and mind. Covey believed that an overlapping of needs helps you to 'have voice—your calling, your soul's code'.[10] Hence, we buy goods, services, ideas and experiences to satisfy our needs.

The success of his book led to spin-offs such as *The 7 Habits of Highly Effective Teens*, *The 7 Habits of Highly Effective Families* and *The 7 Habits of Happy Kids*. Numerous articles have been written about applications of the seven habits; for example, on career development where you need to be proactive, to begin with the end in mind, to put first things first, to think win-win, to seek first to understand and then to be understood, to synergise and to sharpen the saw.[11]

CONSUMER
BEHAVIOUR
IN ACTION

## MISSION AUSTRALIA

Mission Australia is a community services organisation that has been helping people regain their independence for over 150 years.

The organisation offers a wide range of solutions over the long term, through early learning and youth services, family support and homelessness initiatives, employment and skills development, to provision of affordable housing.

Its nationwide team works alongside governments, corporate partners and everyday Australians who provide their generous support.

Mission Australia services include:

1   Preventing homelessness through financial counselling, literacy support and mental health support.
2   Providing transitional accommodation as well as affordable and social housing.
3   Strengthening communities through helping people with self-esteem, resilience, education, training, employment, tackling alcohol and drug issues, avoiding anti-social behaviour and family breakdown.
4   Providing employment programs such as Job Services Australia, New Enterprise Incentive Scheme and Disability Management Services.
5   Delivering the Australian government's Skills for Education and Employment program.
6   Social Enterprises such as Mattress Recycling which provide opportunities for long term unemployed people to develop their skills to re-enter the workforce.
7   Providing early learning services that meet the mental, emotional, physical and social needs of young children to enhance their potential.

Mission Australia depends on donations from monthly supporters, community fundraisers, volunteers, corporate partners and philanthropists to fulfil its mission.

See Figure 5.2 on one of Mission Australia's videos.

FIGURE 5.2
Mission Australia

## NEEDS AND WANTS

> Some people say, 'Give the customers what they want.' But that's not my approach. Our job is to figure out what they're going to want before they do … People don't know what they want until you show it to them.[13]

The late Steve Jobs from Apple Inc was extremely savvy about creating desires, as evidenced by groundbreaking products such as iTunes, iPod, iPad and iPhone. Many people did not *need* an Apple product but *wanted* one or several. How do you distinguish needs and wants?

You cannot live without basic needs to live, learn, love and leave a legacy because these are built into your natural system. Each basic need leads to desires, wishes or wants to satisfy the need. Some of the wants are good or bad, practical or impractical, short-term or long-term, and essential or non-essential. Hence, you can live without some wants but you cannot live without the four basic needs. Here are some examples to distinguish needs and wants.

Distinguish between needs and wants.

1    Your physical need to live leads to many wants. Some items in your shopping list are essential for healthy living. A soft drink is not a need.
2    You emotional need to love and be loved leads to wants such as face-to-face networking, online dating, travel to meet different people and sometimes tattooing to express love for someone or to show that you belong to a group. Tattooing is not a need but a want.

3   Your mental need to learn leads to wanting to learn alone at home or in the library, with a friend, in a group, online, or through modern devices. An iPad is not a need but a want.

4   Your spiritual need to leave a legacy by living a meaningful and purposeful life could lead to wanting to read books or listen to tapes on successful people, join Mentoring Australia, serve a volunteering group, donate frequently to charity or live a religious life. Donating to Red Cross is a want that fulfils your spiritual need. Obsessive buying of religious items, however, is not a need but a want.

Hence, wants are optional desires to satisfy your basic needs. Some of your wants may not be practical for you but may be priorities for a friend. For example, you need clothing to live but might not want designer brands, while a friend may want such things.

Your various wants and your choice of wants are motivated by different factors, such as your culture, subculture, social class, social influences, personality and preferred technology, innovation, news media and brands.

## APPLE'S 'GET A MAC'

**CONSUMER BEHAVIOUR IN ACTION**

Apple Inc had a creative way to motivate people to learn about its Mac's competitive advantage over Microsoft's personal computer (PC) in 2006. Rather than appeal rationally to consumers in a hard-sell approach, Apple produced sixty-six television commercials in an emotionally humane, comic, cool, aspirational and likeable manner, casting two guys to embody the attributes of the Mac and the PC. The series won *Adweek*'s 'Campaign of the decade' award.[14] Through entertaining gags, these were some of the learning messages conveyed:[15]

1   PC was better at business stuff while the Mac was better at life matters such as films, music and photographs.
2   PC has calculator and clock apps but the Mac has the whole iLife suite.
3   The Mac and its camera network fluently but the PC lacks communication fluency.
4   The PC freezes and often has to be restarted, unlike the Mac.
5   The PC has 114,000 viruses that do not affect the Mac.
6   The Mac receives more favourable reviews from mainstream media than the PC.
7   The Mac starts straight away after being unpacked, unlike the PC.
8   The Mac runs both OS X and Windows operating systems.
9   The Mac produces fun films and podcasts while the PC produces pie charts and spreadsheets.
10  The Mac has a safe magnetic power cord while the PC has a trip-prone power cord.
11  Only the Mac has an iPhoto picture book.
12  The Mac's OS X operating system does not have to worry about spyware, unlike the PC.
13  The PC home movie is work in progress, unlike the completed Mac home movie.
14  The PC offers a dull programming guide, unlike the fun iPhoto album.
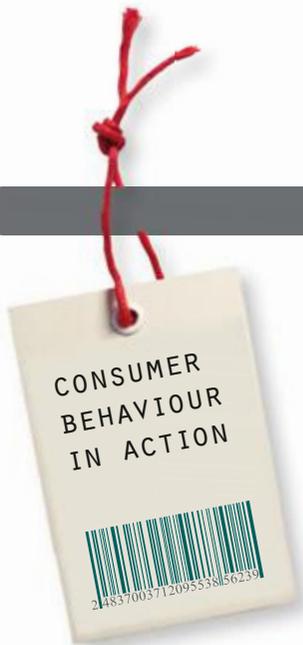
15  The PC is suited for balancing chequebooks and not making films or blogs, unlike the Mac.

16  The PC has to go through a 'major surgery' upgrade to Windows Vista, unlike the Mac.

17  The Mac can run Windows Vista faster than the PC.

18  The Mac has a built-in webcam, unlike the PC.

19  The Mac does not need to come with lots of 'fattening' trial software, unlike the PC.

20  The Mac is simpler and more intuitive than the PC.

The 'Get a Mac' symbolism campaign made the Mac culturally relevant, increased its market share by 42 per cent and also won the Grand Effie award in 2007.[16] See Figures 5.3 and 5.4 on Apple's 'Get a Mac' campaign.
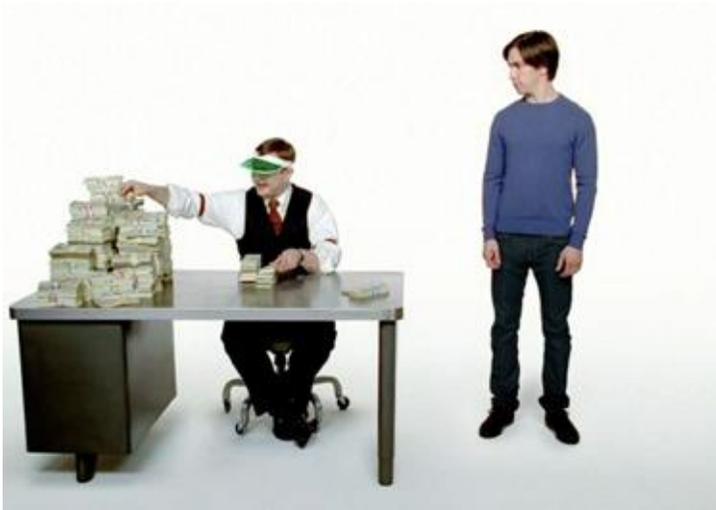


**FIGURE 5.3**
Apple's 'Get a Mac' campaign: Bean Counter



**FIGURE 5.4**
Apple's 'Get a Mac' campaign: PC Choice Chat

## THEORIES ON NEEDS AND MOTIVATIONS

There are many theories on needs and motivations, but this section focuses on the most cited in academic literature:

- Murray's primary and secondary needs
- McClelland's achieving society
- Maslow's hierarchy of needs
- Alderfer's alternative to Maslow's theory
- McGuire's theory of motives
- Deci and Ryan's intrinsic motivation theory.

Explain various needs and motivation theories.

### Murray's primary and secondary needs

In 1938, Henry Murray and his colleagues from the Harvard Psychological Clinic wrote about primary and secondary needs based on research on fifty college men in a book *Explorations in Personality*.[17] Primary or **viscerogenic needs** are air, water, food, sex, bodily functions, relaxation, rest, sleep, and avoidance of harm, heat, cold and pollutants.

Secondary or **psychogenic needs**, often influenced by environmental forces, covered seven categories:

1 inanimate objects
2 ambition, power, desire and prestige
3 human power
4 sadomasochism
5 inhibition
6 affection
7 social interaction.

Table 5.3 shows the list of Murray's psychogenic needs, with descriptions of attitudes and actions.

Some or many of the twenty-eight psychogenic needs could exist simultaneously in a consumer. For example, a 'do-it-yourself' (DIY) person could have the following needs, attitudes and actions:

1 He acquires tools from a hardware store because of conserving, constructive, retentive and orderly attitudes.
2 He is into DIY because of achievement, recognition, inviolate, autonomy, contrarian and affiliated attitudes.

**viscerogenic need**

A Murray concept to indicate primary needs of air, water, food, sex, bodily functions, relaxation, rest, sleep, and avoidance of harm, heat, cold and pollutants

**psychogenic needs**

A Murray concept to indicate secondary needs influenced by environmental forces

| NEEDS | ATTITUDES AND ACTIONS |
|---|---|
| **INANIMATE OBJECTS** | |
| 1 Acquisition | Acquisitive attitude: gain, snatch, steal, bargain, gamble, work |
| 2 Conservance | Conserving attitude: clean, repair, preserve |
| 3 Orderly | Orderly attitude: arrange, tidy, be precise |
| 4 Retention | Retentive attitude: retain, hoard, be frugal |
| 5 Construction | Constructive attitude: build, organise |
| **AMBITION, POWER, DESIRE AND PRESTIGE** | |
| 1 Superiority | Ambitious attitude: power over people |
| 2 Achievement | Achievement attitude: succeed, challenge self |
| 3 Recognition | Self-forwarding attitude: seek respect and praise |
| 4 Exhibition | Exhibition attitude: attract attention to self |
| 5 Inviolacy | Inviolate attitude: preserve self-respect, good name |
| 6 **Infavoidance** | Infavoidant attitude: avoid failure, humiliation |
| 7 Defendance | Defensive attitude: explain and justify actions |
| 8. Counteraction | Counteractive attitude: retaliate, defend honour |
| **HUMAN POWER** | |
| 1 Dominance | Dominative attitude: control or influence others |
| 2 Deference | Deferent attitude: follow, serve |
| 3 Similance | Suggestible attitude: empathise, emulate |
| 4 Autonomy | Autonomous attitude: be independent |
| 5 Contrarience | Contrarient attitude: unconventional, unique |
| **SADOMASOCHISM** | |
| 1 Aggression | Aggressive attitude: belittle, accuse, punish |
| 2 Abasement | Abasive attitude: comply, apologise |
| **INHIBITION** | |
| 1 **Blamavoidance** | Blamavoidance attitude: avoid ostracism, be obedient, well-behaved |
| Affection | |
| 1 Affiliation | Affiliative attitude: love, socialise |
| 2 Rejection | Rejective attitude: snub, discriminate |
| 3 Nurturance | Nurturant attitude: nourish, help |
| 4 **Succorance** | Succorant attitude: plead, adhere, depend |
| 5 Play | Playful attitude: have fun |
| **SOCIAL INTERACTION** | |
| 1 Cognisance | Inquiring attitude: satisfy curiosity |
| 2 Exposition | Expositive attitude: explain, lecture |

**TABLE 5.3**
Murray's psychogenic needs

**infavoidance**
A Murray concept on psychogenic or secondary needs where the person avoids failure and humiliation

**sadomasochism**
A Murray concept on psychogenic or secondary needs where the person is aggressive and abrasive

**blamavoidance**
A Murray concept on psychogenic or secondary needs where the person avoids blame by being obedient and well behaved

**succorance**
A Murray concept on psychogenic or secondary needs where the person has an adhering attitude

Figure 5.5 shows a Masters Home Improvement outlet for DIY enthusiasts.

**FIGURE 5.5**
Masters Home
Improvement



## McClelland's achieving society

Researchers have researched Murray's affiliation, achievement and power needs. In particular, David McClelland wrote *The Achieving Society* in 1961 about his trio of needs theory: affiliation, achievement and power.[18] Affiliators seek harmonious relationships, achievers excel in their work and power-driven people desire authority.

Figure 5.6 shows a television advertisement related to power and achievement by UK bank, Barclays. Titled 'A Big World Needs a Big Bank', it featured Anthony Hopkins talking about the big picture, big idea and the big deal.

**FIGURE 5.6**
'A Big World Needs a
Big Bank'

## Maslow's hierarchy of needs

In 1943, Abraham Maslow published *A Theory of Human Motivation*, where he classified basic needs progressing from physiological to self-actualisation[19] (see Figure 5.7).



**FIGURE 5.7**
Maslow's hierarchy of needs

Maslow theorised that the lower level of need should be satisfied before moving to the higher level. He explained as follows:

1  *Physiological needs.* An extremely hungry person needs to satisfy hunger and would not be preoccupied with any higher level need such as writing or learning about history.
2  *Safety needs.* A child who is ill, physically abused or in danger needs the safety of protection and security. An adult may have needs of job security, unemployment insurance and disability insurance.
3  *Love needs.* If there are no extreme physiological and safety needs, a person needs to give and receive love through friendship, love or children.
4  *Esteem needs.* There is generally a need for self-respect, achievement, prestige, social esteem, independence and freedom.
5  *Self-actualisation needs.* The need for self-fulfilment or achieving full potential varies with people, such as being a better athlete, an ideal mother, an artist or an inventor.

Maslow clarified that the hierarchy of needs is not fixed or rigid as perceived:

1  Some people may value self-esteem more than love.
2  A person who is chronically unemployed may only focus on physiological needs.
3  There could be 'psychopathic personality' people who may not be able to give or receive love.
4  An unemployed, starving person may forego self-esteem to regain a previous job that was given up for self-respect reasons.
5  A person may satisfy 85 per cent of physiological needs, 70 per cent of safety needs, 50 per cent of love needs, 40 per cent of esteem needs and 10 per cent of self-actualisation needs—there is no requirement of 100 per cent satisfaction at each level.
6  There are multiple motives behind each need; for example, lovemaking could satisfy physiological, security, love and esteem needs.

Senior planner Anna Hartelius at AIS London applied Maslow's hierarchy against brands such as Pepsi Cola, Coca-Cola, Nokia, Apple and Microsoft.[20] She concluded based on her personal perceptions:

·  Pepsi appeals to physiological needs through its 'Refresh' positioning.
·  Nokia connects people at the love or belonging level.
·  Microsoft identifies with esteem seekers with its campaign 'I'm a PC and Windows 7 was my idea'.
·  Coca-Cola satisfies 'Happiness' at the self-actualisation level.
·  Apple also positions itself for world change-makers and self-actualisers.

Figure 5.8 shows how Hartelius places these brands on Maslow's hierarchy of needs.

**FIGURE 5.8**
Famous brands on Maslow's hierarchy of needs
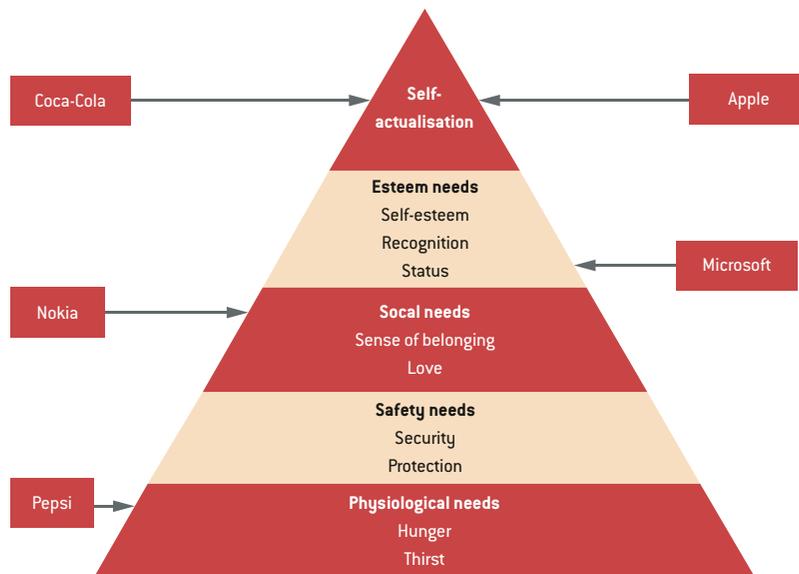
Hartelius also reasoned that Volkswagen satisfies consumer needs at various levels. Figure 5.9 summarises Hartelius' views on Volkswagen brand values against Maslow's hierarchy of needs.
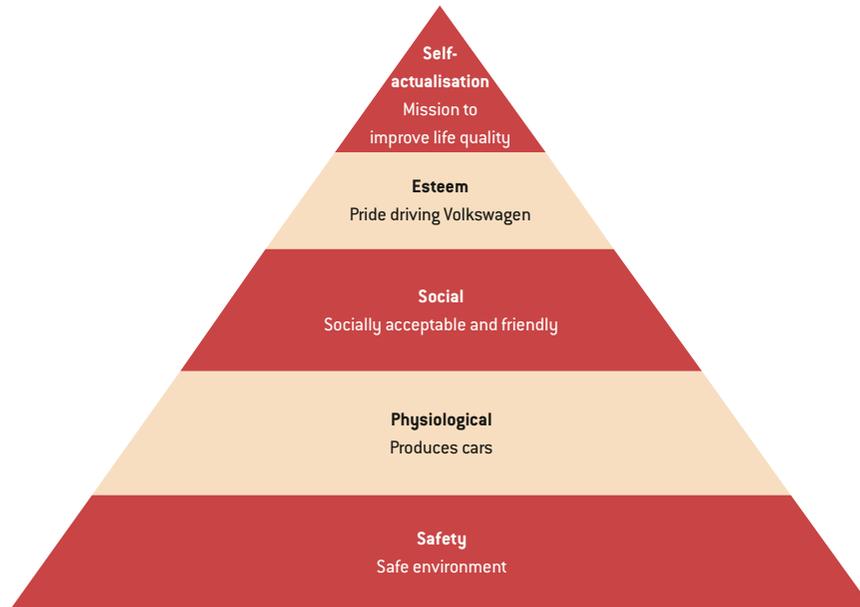


**FIGURE 5.9**
Volkswagen and Maslow's hierarchy of needs

Your perceptions could be different from Hartelius'. You may perceive Coca-Cola to be associated with social needs rather than self-actualising needs. Your perceptions also could be culturally driven; for example, Australian, French, German, Indian, New Zealander, Russian and Spanish consumers may value global brands as part of esteem or social needs, but may think of safety needs in some situations, such as Union Carbide's Bhopal gas crisis in India.[21]

## JAMIE OLIVER SATISFYING DIFFERENT NEEDS

Jamie Oliver may seem to be catering to physical needs, but his fans also fulfil mental needs (learning about recipes) and emotional needs (self-esteem and love when consumers are able to prepare healthy food competently for family and friends).

Jamie's food programs have aired in 100 countries and his cookbooks have sold in more than thirty languages. After appearing in a food documentary in 1997, Jamie started his own show *The Naked Chef*, where he inspired viewers to cook; it later won a BAFTA Award in 2000. He has since then appeared in shows including *Jamie Oliver's Food Revolution*, *Jamie's Great*

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*Italian Escape*, *Jamie's American Road Trip*, *Jamie at Home*, *Jamie's Ministry of Food* and *30 Minute Meals*. Jamie has also sold millions of cookbooks to accompany his television shows.

As part of a mission to contribute to healthy food lifestyles, Jamie has been involved in campaigns to improve the quality of school food and promote awareness of free-range and organic animal farming techniques. He has also opened a series of training restaurants for disadvantaged youth. More commercially, he has opened Jamie's Italian restaurants in Britain, Dubai, Ireland, Australia, Russia and Singapore; and introduced an iPhone app, '20 Minute Meals'.[22]

**FIGURE 5.10**
Jamie Oliver



## Alderfer's alternative to Maslow's theory

In 1969, Clayton Alderfer from Yale University developed an alternative to Maslow's theory that is not hierarchical.[23] The ERG theory focuses on:

• existence—related to Maslow's physiological and safety needs
• relatedness—connected with Maslow's love and esteem needs
• growth—linked to Maslow's self-actualisation need.

One research study on self-esteem found that women created taller avatars than men, that neurotic and introverted women built attractive avatars, and that women with low self-esteem chose lighter skin tones for their avatars.[24]

# McGuire's theory of motives

William McGuire, professor of psychology at Yale University, in 1974 published a list of sixteen motives under four categories:[25]

1 *Cognitive–affective motives.* Cognitive motives drive the person towards purpose in life and have environmental orientation, while affective motives satisfy emotional objectives.
2 *Preservation–growth motives.* Preservation motives are driven by the need for balance, while growth motives drive the person towards personal development.
3 *Active–passive motives.* Active motives are self-initiated, while passive motives are reactive to situations.
4 *Internal–external motives.* Internal motives concentrate on new self-focus, while external motives emphasise a new connection with the environment.

The four categories create a complex matrix of sixteen cells of motives.[26] By way of example, Table 5.4 is a simpler summary of the key categories of cognitive–affective and active–passive motives, with a keyword explanation of each motive.

| | ACTIVE MOTIVES | KEYWORD | PASSIVE MOTIVES | KEYWORD |
|---|---|---|---|---|
| COGNITIVE MOTIVES | Consistency | balance | Categorisation | grouping |
| | Attribution | causation | Objectification | symbols |
| | Autonomy | independence | **Teleological** | outcomes |
| | Stimulation | novelty | Utilitarian | problem-solve |
| AFFECTIVE MOTIVES | Tension-reduction | stress reduction | Ego-defensive | protect ego |
| | Expressive | self-expression | Reinforcement | reward |
| | Assertion | self-image | Identification | roles |
| | Affiliation | relationship | Modelling | follow |

**TABLE 5.4**
A simple example of McGuire's sixteen motives

**teleological**
One of McGuire's sixteen motives that described cognitive–passive outcomes

Just as in Murray's list of psychogenic needs, a person would have overlapping motives. Figure 5.11 shows a yoga advertisement that captures many of the motives in McGuire's list. Without even featuring people, the advertisement reflects affective motives of stress reduction, self-expression, self-image and social relationships in a yoga class, plus some cognitive motives of balance, novelty, symbols, grouping and outcomes.

**FIGURE 5.11**
Advertising and
McGuire's motives

**intrinsic motivation**
Motivation to do
something for inherent
challenge, fun, interest
and satisfaction without
external pressure or
reward

**extrinsic motivation**
Motivation to do
something because of
some external demand,
regulation, sanction or
outcome

## Deci and Ryan's intrinsic motivation theory

Edward Deci and Richard Ryan distinguished motivations as either intrinsic or extrinsic.[27]
**Intrinsic motivation** is doing something for inherent challenge, fun, interest and
satisfaction without external pressure or reward. **Extrinsic motivation** is doing something
because of some external demand, regulation, sanction or outcome.[28] Intrinsic motivation
appears to be a spiritual need to do things in line with life's meaning and mission, while
extrinsic motivation could be a physical need to do something to be secure and safe from
external demands. A research study on 846 *Second Life* users found that both extrinsic and
intrinsic motivations influenced their engagement with the virtual world.[29]

## AUSTRALIA'S EDUCATION BUSINESS

The Department of Foreign Affairs and Trade has revealed that education was the fourth largest revenue earner for Australia in 2012. The full list is as follows:

1. iron ore and concentrates ($64 billion)
2. coal ($47 billion)
3. gold ($16 billion)
4. education ($15 billion)
5. recreational travel ($12 billion).[30]

There were over 500,000 international students in Australia in 2012.[31] Revenue for key Australian states reveals how education contributes to the economy, with education the number-one money earner for Victoria:

1. Victoria: Education $4.6 billion, tourism $2.4 billion, wool $1.5 billion, aluminium $1.2 billion and dairy products $1 billion
2. New South Wales: Coal $12.6 billion, education $5.6 billion and tourism $4 billion
3. Queensland: Coal $25 billion, beef $3 billion, travel $2.8 billion and education $2.3 billion

Figure 5.12 shows advertising material on studying abroad to attract international students to Australia.



**FIGURE 5.12**
Study abroad in Australia

## SYNTHESIS OF THEORIES

Connect the various needs and motivation theories.

How do you remember so many theories on needs and motivation? Table 5.5 is an attempt to synthesise and force fit various theories under the mental, emotional, physical and spiritual (MEPS) dimensions. You may have your own views on where some elements of theories fit into the table. Some needs could overlap into two or more dimensions—for example, safety could be a physical need and an emotional safety need—but these overlapping needs are not included to avoid an overly complex table. Most of the features in various theories seem to fit best in the mental and emotional dimensions.

**TABLE 5.5**
Synthesis of various needs and motivation theories

| THEORIES/NEEDS | MENTAL | EMOTIONAL | PHYSICAL | SPIRITUAL |
|---|---|---|---|---|
| *Covey's basic needs* | *Learn* | *Love* | *Live* | *Legacy* |
| *Murray's psychogenic needs* | Inanimate objects (orderly attitude) Ambition, power, desire, prestige Human power | Sadomasochism Inhibition Affection Social interaction | Murray's primary or viscerogenic needs) | |
| *McClelland's trio of needs* | Power Achievement | Affiliation | | |
| *Maslow's hierarchy of needs* | Esteem | Love | Physiological Safety | Self-actualisation |
| *Alderfer's alternative to Maslow's theory* | | Relatedness | Existence | Growth |
| *McGuire's categories of motives* | Cognitive | Affective Internal | Preservation External Passive | Growth Active |
| *Deci and Ryan's intrinsic–extrinsic motivation* | | | Extrinsic motivation | Intrinsic motivation |

A relevant industry example that captures many of the MEPS needs and motivations is Banyan Tree Holdings in Singapore.[32] In 1984, the founders, motivated by ambition and achievement needs, purchased 600 acres of land in Phuket, Thailand, only to discover that it was an acid-laden land polluted by its previous tin mine tenant. Driven by esteem and growth needs to be a leading manager and developer of niche resorts and spas, the company cleaned up the land, planted over 7000 trees and transformed the wasteland into two resort hotels in 1987. From there, the company opened resorts and spas in Thailand, Indonesia, China, Japan, Korea, Maldives, Seychelles, Mexico and the United Arab Emirates.

The Banyan Tree founders were driven by a vision of leaving a legacy in the travel sector; they acted on clearing the unsafe land; and they had affiliation working with staff and stakeholders across global cultures. In turn, the Banyan Tree resorts and spas appeal to consumers' physical and emotional needs to relax with loved ones (see Figure 5.13).

**FIGURE 5.13**
Banyan Tree corporate
advertising

## VOLUNTEERING AUSTRALIA

More than 6 million Australians make a difference by volunteering each year, doing a wide range of tasks for a wide range of volunteer involving organisations. People volunteer for many reasons and in many different ways. Some use volunteering as way to gain new skills or add to their CV. Others use it as a way to meet new people, make new friends or try something new. Making a difference to the community and having a sense of purpose are also popular reasons for volunteering. Whatever your own personal reason is for volunteering, rest assured it is a two-way exchange—you give but you also gain.[33]

The above quote from the website of Volunteering Australia (see Figure 5.14), a non-profit national organisation to advance volunteering in the country, appeals to some people's spiritual need to live life with meaning, purpose and service, as well as their emotional need to connect with people. About 40 per cent of Australians volunteer today in one way or another. There are opportunities for event, student, corporate, environmental and emergency volunteering.

More than 4000 organisations are affiliated with Volunteering Australia, providing over 11,000 volunteering opportunities. These include:

• Stay On Your Feet WA, where you improve the health of others and yourself.
• Learner driver mentor program where you help youths gain their probationary driving licence.

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**FIGURE 5.14**
Volunteering Australia



- Companionship volunteering to help needy people maintain social contact.
- Freshwater Turtles of the Kimberley, where you help the conservation needs of freshwater turtles.

  Visit the Go Volunteer website for further information: www.govolunteer.com.au.

Discuss advertising appeals used to connect with needs and motivations.

## NEEDS AND ADVERTISING APPEALS

Understanding needs and motivations helps advertisers to choose the most appropriate advertising appeals or approaches to influence consumer decisions. There are two types of appeals: rational and emotional.[34]

### Rational appeals

**rational appeal**
An advertising approach that connects with the rational brain by emphasising functional needs such as product unique features, competitive advantages, price, a newsy element and brand popularity

The approach of **rational appeals** is to connect with the rational brain by emphasising functional needs such as product unique features, competitive advantages, price, a newsy element and brand popularity (though popularity could also be subconsciously an emotional peer-group influence).

### Emotional appeals

These relate to social or psychological needs such as happiness, sorrow, love, excitement, pleasure, self-esteem, achievement and fear. The most successful fear appeal advertisement appears to be the Grim Reaper television commercial that appeared on 5 April 1987 in Australia. It showed a fearsome guy in robes with a scythe and bowling ball striking down

tenpins of adults and children, including a baby. The end scene showed Grim Reapers as bowlers. The voiceover revealed that anyone could be killed by AIDS, not just homosexual people and IV drug users; that over 50,000 men, women and children carry the AIDS virus, which could kill more Australians than World War II; that AIDS could be stopped through having just one safe sex partner and the use of condoms; and that the only cure for AIDS is prevention. The advertisement (see Figure 5.15) raised awareness of the AIDS problem, with new infections falling from 2400 in 1987 to 718 in 1999.[35]



**FIGURE 5.15**
The Grim Reaper and fear appeal

Research has investigated many different **emotional appeals**:

- surprise, guilt, anger and disgust[36]
- sixteen emotions generated in advertising—affection, annoyance, attraction, confidence, contentment, disappointment, excitement, guilt, hate, inadequacy, inspiration, pride, repulsion, sadness, surprise and unimpressed reaction[37]
- environmental and green appeals[38]
- wisdom appeals in financial services advertising[39]
- sex appeals for both male and female consumers.[40]

Some emotional appeals may fall under physical needs (for example, safety) and spiritual needs (for example, actualisation). Table 5.6 maps the advertising appeals proposed by Belch and Belch into the MEPS framework, again revealing that more emotional appeals are used than other categories (compare with Table 5.5).

**emotional appeal**
An advertising appeal related to social or psychological needs such as happiness, sorrow, love, excitement, pleasure, fear, self-esteem and achievement

**TABLE 5.6**
MEPS needs and Belch and Belch advertising appeals

| MENTAL | EMOTIONAL | PHYSICAL | SPIRITUAL |
|---|---|---|---|
| Economy | Joy | Safety | Actualisation |
| Comfort | Love | Security | Achievement |
| Convenience | Nostalgia | Health | Ambition |
| Dependability | Pleasure | Arousal | |
| Durability | Pride | | |
| Performance | Sentiment | | |
| Efficiency | Sorrow | | |
| Quality | Fear | | |
| | Happiness | | |
| | Excitement | | |
| | Affection | | |
| | Self-esteem | | |
| | Acceptance | | |
| | Affiliation | | |
| | Embarrassment | | |
| | Recognition | | |
| | Rejection | | |
| | Respect | | |
| | Status | | |
| | Sophistication | | |

Are emotional appeals more effective than rational appeals? There are different views on this issue:

1  Creative and effective advertising stimulates emotional responses.[41]
2  Consumers remember emotional advertising better and associate more positively with the advertised brands.[42]
3  Small or new brands perform much better on rational appeals, while established brands achieve better sales with emotional appeals; however, the most successful advertising combines both emotional as well as rational appeals.[43]
4  The emotional and rational brains work together rather than separately, but the emotional brain is the key driver.[44]
5  Emotion is more important because we instinctively respond emotionally to everything.[45]

6 Our brain is naturally wired to respond emotionally, hence advertising creates an emotion first and then attention later.[46]

Which of the emotional appeals engage more with consumers? Based on an analysis of nearly 10,000 advertisements with emotional appeals, the highest scorers convey contentment, confidence, inspiration, attraction, surprise and excitement.[47] Figure 5.16 shows a MasterCard 'priceless' advertisement that conveys inspiration and joy.



**FIGURE 5.16**
MasterCard conveying inspiration and joy

## ONLINE DATING

The ready availability of the internet has changed the dating culture globally. For example:

1 Over six million Britons and 32 million Europeans seek partners online each month.[48]
2 The *Guardian* newspaper launched its UK online dating service, Soulmates, in 2004 and has enabled 'thousands' of couples to meet online.[49] Similarly, The Telegraph Media Group started its Telegraph Dating and has attracted over 90,000 people.[50]
3 In the USA, it is estimated that 40 million Americans have tried online dating, with eHarmony and Match.com having 20 million and 15 million members, respectively.[51]
4 In China, the three largest dating companies reported about 40–60 million memberships.[52]
5 In Australia, the consumer watchdog Choice published an evaluation of online dating sites in the country. It revealed that RSVP had two million members while eHarmony had one million members[53] (see Figure 5.17).

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**FIGURE 5.17**
RSVP online dating



## MOTIVATIONAL RESEARCH

[T[]he knowledge of the soul of things is possibly a very direct and new and revolutionary way of discovering the soul of man.[54]

The above quote from Ernest Dichter, dubbed the 'father of motivational research', crystallises his contribution to marketing and advertising research:[55] objects have mysterious meanings that reflect our image and could uncover our latent subconscious motivations. Since 85 per cent of our emotions and thoughts lie in our subconscious mind,[56] this section covers motivational research, Rapaille's culture codes, the Zaltman metaphor elicitation technique (ZMET) and projective techniques

### Motivational research

Dichter started his psychoanalytic practice after obtaining his doctorate in psychology in Vienna, Austria, in 1934. He migrated to New York in 1938, worked with a market research firm and became known as a copywriter-oriented researcher. In 1939, he set up a **motivational research** consulting practice, built on Freudian **psychoanalytic methods** to discover latent subconscious motivations. Motivational research became popular, with advertising agencies such as McCann-Erickson and Young & Rubicam adopting the method in the 1950s.[57]

Dichter had his critics. They attacked motivational research for being unscientific, unreliable and 'magical'; and of invading privacy and promoting illogical behaviour.[58] Vance Packard, in his 1957 book *The Hidden Persuaders*, attacked him for probing hidden consumer emotions and manipulating desires.[59]

---

Discuss motivational research and projective research techniques.

**motivational research**
Qualitative research to uncover consumer motivations, popularised by Dichter in the 1930s

**psychoanalytic methods**
Qualitative motivational research to discover latent subconscious motivations

While publicity around *The Hidden Persuaders* boosted Dichter's business, motivational research later became less popular when marketers were attracted by focus group research and when computerisation boosted quantitative research allowing faster processing of statistical data. Dichter suffered a heart attack in 1970, sold his business, became a lecturer and author in the 1980s, and died in 1991.[60]

Dichter has left a legacy in motivational research, as evidenced by the 2010 book by a group of scholars: *Ernest Dichter and Motivation Research: New Perspectives on the Making of Post-war Consumer Culture.*[61] Motivation research is still popularly used for innovation research to uncover consumers' unknown motivations that could eventually be quantitatively tested in the innovation process.[62] Table 5.7 shows some examples of how Dichter saw the symbolism of consumer needs through objects.

| OBJECT | SYMBOLISM |
|---|---|
| Baseball | Young boys were concerned about performance and peer acceptance and regarded the umpire as a stern father; the boys' dads were vicarious athletes, genuine athletes or indifferent athletes and perceived that baseball was more dangerous for the heart than tennis.[63] |
| Harness racing | Perceived as country bumpkin, dull and old, so Dichter repositioned it as city-bred, masculine, youthful and fun.[64] |
| Furs | Financial potency and sophistication by buying expensive fur.[65] |
| Barbie doll | A way to help young girls look after their unkempt appearance.[66] |
| Baking | Femininity, nostalgia, fertility and childbirth.[67] |
| Ice cream | Abundance of sensual sensation, hence Dichter recommended that ice-cream containers should be round like a circle to symbolise unending pleasures. |
| Bath soap | The bathing experience is purification plus an erotic moment.[68] |
| Boats | New non-wealthy boat buyers sought sensual boat power but were selfless in wanting peace for their families, hence Dichter saw the psychological need for 'whispering power'.[69] |
| Cars | Men associated sedans as wives but convertibles as mistresses.[70] |
| Driving | This symbolised aggressive driving and mortality, hence leading to an insight of controlled viciousness and the famous slogan for Esso/Exxon 'Put a tiger in your tank'[71] (see Figure 5.18). |

**TABLE 5.7**
Dichter's symbolism of objects

## Rapaille's culture codes

French-born psychoanalyst Clotaire Rapaille, author of *The Culture Code,* has been described as a great contemporary motivation researcher.[72] Rapaille's theory is that our emotional cultural experiences that we acquire from young are imprinted or coded in the subconscious mind and influence our behaviour as adults.[73] Rapaille's **culture codes** are analogous to Carl Jung's archetypes or mental ancestral images stored in our collective unconscious.[74]

**culture codes**
A Rapaille theory about emotional cultural experiences acquired from young and imprinted in our subconscious to influence our behaviour as adults

**FIGURE 5.18**
Esso and the symbolism of controlled viciousness

**archetype discovery research**
A qualitative motivational research method used by Rapaille to enable consumers to express feelings about a topic, tell stories, associate freely and recall initial emotional experiences with the product

In Rapaille's **archetype discovery research**, consumers express feelings about a topic, tell stories, associate freely and recall initial emotional experiences with the product. When Nestlé planned to sell instant coffee in Japan, Rapaille set about to uncover the Japanese code for coffee in the following ways:

1   asking Japanese consumers about coffee usage
2   getting participants to make a collage that reflected their coffee impressions
3   guiding participants to relax with music while directing them to recall early coffee experiences.

Rapaille discovered that the first imprint for the Japanese in the 1970s was tea, not coffee, because of the country's tea-drinking culture. Rapaille advised Nestlé to create a coffee imprint in Japanese children through the production of coffee-flavoured desserts. This would create positive cultural experiences of coffee that would lead to coffee acceptance when the kids become teenagers and adults. Following the coffee dessert, Nestlé later introduced coffee with milk to the grown-up children and subsequently other types of coffee. This process of cultural imprinting has helped Nestlé build a sizeable coffee market in Japan [75] (see Figure 5.19).

**FIGURE 5.19**
Nescafé Excella ice coffee

## Zaltman metaphor elicitation technique

The **Zaltman metaphor elicitation technique (ZMET)** is a patented process of Olson Zaltman Associates, which was founded by US professors Jerry Olson and Gerald Zaltman. The use of metaphors helps elicit hidden feelings, thoughts and motivations of consumers. The Olson Zaltman Associates website states that its method of metaphor analysis and ZMET interviews in the home or workplace provides deeper consumer insights than the 'standard market research ethnography'.[76]

In ZMET, each participant is asked to select six to eight pictures reflecting the person's thoughts and feelings on a topic, such as a company, brand, product, service, retail setting, purchase process or product usage. These pictures are symbolic or metaphoric representations, not actual graphics or pictures of the topic. Most of the picture selections would have been based on subconscious feelings or imprints. For example, some of the pictures women brought to a pantyhose topic discussion were:

- a spilled ice-cream sundae
- a beautiful woman with baskets of fruit
- a Mercedes car
- Queen Elizabeth.[77]

Over a two-hour interview, the ZMET researcher asks the participant for reasons behind the picture selection. The researcher then guides the participant to create a collage

**Zaltman's metaphor elicitation technique (ZMET)**

A patented process using metaphors to elicit the inner thoughts and feelings of consumers towards a product category

of key ideas that emerge from the session. Table 5.8 summarises the eight steps of the ZMET interview process.[78]

**TABLE 5.8**
The eight steps of the ZMET interview process

| STEPS | TECHNIQUE | PROCESS |
|---|---|---|
| 1 | Storytelling | Participants describe each selected picture's key story point. |
| 2 | Missed images | Participants describe any missing picture they wanted but were unable to find. |
| 3 | Sorting | Participants sort collected pictures into meaningful groups and remove duplicating pictures that convey the same meaning. |
| 4 | Construct elicitation | Participants discuss how two of three pictures, randomly selected by the interviewer, are similar or different when compared with the third picture. |
| 5 | Metaphor elaboration | Participants imagine randomly widening a picture's frame and then describe the altered image and its contradicting/reinforcing meaning plus emerging thoughts/feelings. |
| 6 | Sensory images | Participants convey thoughts/feelings about the research topic through their senses (emotions, colour, smell, sound, taste and touch) |
| 7 | Vignette | Participants express their thoughts/feelings through an imagined short film, leading to new concepts and their associations. |
| 8 | Digital image | Participants create a montage, assisted by a digital imaging expert, to convey the topic's emerging story. |

Source: Zaltman, G. (1997). Rethinking Market Research: Putting people back in. *Journal of Marketing Research, 34*(November), 428–430.

Olson Zaltman Associates has worked with clients in automotive, consumer goods, education, entertainment, finance, health-care, manufacturing, non-profit sectors and technology sectors. For example, consumers were aware of the name 'Cisco' but had no emotional bonding with the brand. The ZMET process uncovered the metaphor of 'connection', resulting in Cisco repositioning itself as 'The Human Network' in 2006 and subsequently increasing its 'technology leader' reputation and brand value (see Figure 5.20).

**FIGURE 5.20**
Cisco's 'Welcome to the Human Network' campaign



welcome to the human network. **CISCO**

cisco.com/uk/humannetwork

In Australia, a researcher used the ZMET approach for a pilot study by asking students to bring pictures from various sources that implicitly represented their feelings about a specific university brand. The study followed an earlier ten steps of ZMET: storytelling; missed issues and images; sorting task; construct elicitation; most representative picture;

opposite images; sensory images; the mental map; the summary image; and the vignette. The study found gaps between prospective students' perception and the university's desired brand image projected through marketing communications.[79]

## HAIR LOSS NEEDS

Even though it is a physical phenomenon, hair loss is an emotional or mental need (see Figure 5.21). The International Society of Hair Restoration Surgery revealed:

- Hair restoration surgery had increased 48 per cent from US$1.3 billion in 2008 to US$1.9 billion in 2010.
- There were over 900,000 hair restoration patients in 2010, with 73 per cent for non-surgical treatments.
- Males comprised 65 per cent and 86 per cent of non-surgical and surgical treatments, respectively.
- Over 70 per cent of patients were aged 20−49.
- Asia, the USA, Europe and the Middle East accounted for 41 per cent, 29 per cent, 10 per cent and 9 per cent, respectively, with the balance in Central/South America, Canada and Australia.
- Over 36 per cent and 33 per cent of scalp hair restoration procedures were from the USA and Asia, respectively.[80]



**FIGURE 5.21**
Hair loss: an emotional need

CONSUMER BEHAVIOUR IN ACTION

**projective technique**
A technique used in qualitative motivation research to enable consumers to project their hidden consumer motivations through storytelling, collage, guided imagery, metaphors, sentence completion, drawings and word associations

## Projective techniques

As the examples of Dichter, Rapaille and ZMET reveal, there are many **projective techniques** used in motivation research. While Rapaille uses storytelling, collage and guided imagery, ZMET uses metaphors with storytelling and collages, and Dichter used depth interviews, psychodramas, sentence completion, drawings and word associations to uncover concealed subconscious desires.[81] Dichter also used free associations and 'vague story', where the participant spoke in a disguised form.[82] Table 5.9 shows some techniques that project consumers' latent motivations:[83]

**TABLE 5.9**
Some projective techniques

| PROJECTIVE TECHNIQUE | PROCESS |
| --- | --- |
| Word association | 'What is the first word that comes to mind when I mention …' |
| Sentence completion | 'Complete the sentence …' |
| Cartoon/simple drawing | 'What do you think is going on here?' |
| Speech bubbles | 'What are they thinking?' |
| Shopping list personality | What is the personality and character of person with such a list? |
| Object personification | 'If this brand were a television star or a film star, who would it be?' |
| Fantasy story telling on evocative pictures | 'What's happening here?' |
| Dream exercise | 'Describe a dream about BMW or a man in an automobile showroom.' |
| Psychodrama | 'Take on the role of a customer whose car is being serviced and who is told that it is not ready as promised and is going to cost twice as much to be repaired.' |
| Symbol matching | 'Which teacup or mug best represents a company?'<br>'Match cars, clothes, colours, designs, footwear, hats, houses, rooms, and shapes with a brand, company …'<br>'If Oprah Winfrey were one of these animals, which one would she be?' |

Researchers have also used other combined techniques, such as:

- Thematic Apperception Test, where respondents tell a dramatic story based on 30 pictures[84]
- picture drawing, where respondents draw pictures of selected brand users, such as Starbucks drinkers.[85] In a McCann-Erickson research on Raid cockroach spray, most of the 100 women participants drew men to symbolise roaches, saying that they were frustrated and powerless with the men in their lives who came to see them only for food; hence the women had the satisfaction to spray the roaches and see them die![86]

- photo sorts, where respondents select from a set the pictures that best represent a typical user. In a Playtex bra research, current old-fashioned and overweight users chose pictures that reflected their real looks but selected pictures of fit and independent-looking women to reflect their self-image[87] Figure 5.22 shows a Playtex advertisement that reflects the beautiful fit desired by women.
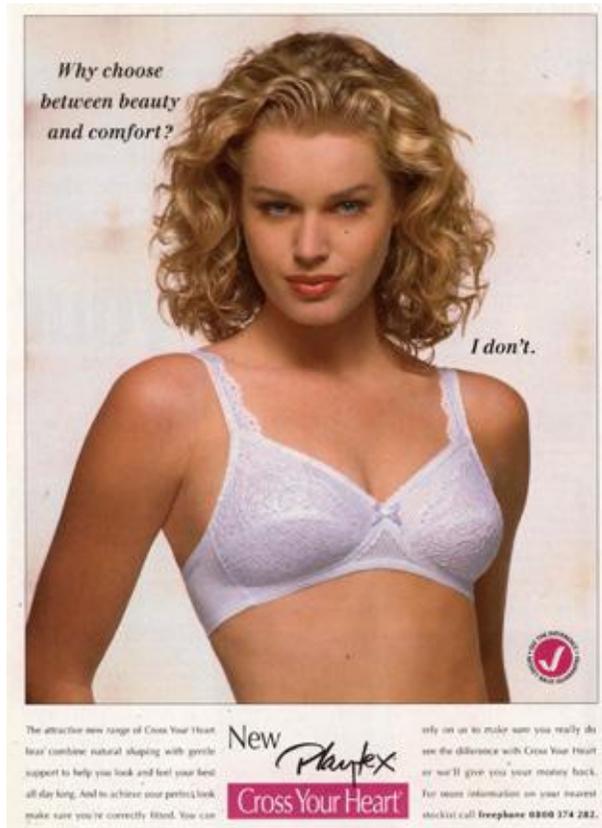


**FIGURE 5.22**
Playtex's use of picture-sort research

Huggies Pull-Ups training pants were launched nationally in 1991 after the Kimberley-Clark company used the projective storytelling technique. Mothers revealed in the privacy of their own homes that they were stressed by the toilet training of their children and wanted their children to transition to underwear. Hence, the Huggies Pull-Ups training pants served as underwear with a nappy function[88] (see Figure 5.23).

**FIGURE 5.23**
Huggies Pull-Ups
training pants



Start
potty training
on the
right foot.

Introducing Huggies Pull-Ups disposable training pants.

**CONSUMER BEHAVIOUR IN ACTION**

## SUCCESS OF SUBWAY RESTAURANTS

The Subway restaurant chain has opened more than 30,000 outlets across ninety countries since it started business in 1965 in Bridgeport, Connecticut, USA.[89] Its founder Fred DeLuca was 17 years old and needed to make money to cover his university tuition. He borrowed $1000 from his family friend Dr Peter Buck during a backyard barbecue conversation and started Pete's Super Submarines as a partnership, which later became Subway after the third store opening.

Fred completed his psychology degree in 1971 and the two partners began franchising in 1974, with the first Australian store in Perth in 1988. Subway was ranked as the number-one franchise opportunity in *Entrepreneur* magazine's Franchise 500 rankings fifteen times in 21 years.

Although McDonald's started in 1955, Subway overtook the hamburger chain as the largest fast-food company in 2011 with 33,749 stores globally, versus McDonald's 32,737. In 2011, Subway had 1232 stores in Australia compared with McDonald's 830 outlets.[90]

Subway's success is attributed to several factors: consumers want healthier food (physical need) to look and feel good (emotional need) and hence appreciate the convenient locations of Subway, which opens stores in unusual places such as a riverboat in Germany and a church in the USA.[91] Figure 5.24 depicts Jared Fogle celebrating his fifteenth year of weight-loss through his Subway diet.



**FIGURE 5.24**
Jared Fogle's weight loss through a Subway diet

When Universal Studios Florida needed to distinguish its brand from Walt Disney World, Insight Research conducted psycho-ethnographic and motivational research to uncover the emotional experiences of visitors to the two competing theme parks. The research process included:

1  observing visitors at Walt Disney World and Universal Studios Florida
2  guided imagery for visitors to re-create their feelings and thoughts about theme park visits
3  sorting a list of thirty-eight words, and a set of pictures, to fit the perceived image of the two competitors
4  using a 'laddering' projective technique to expand further on a repeated word to explain deeper meanings; for example, the word 'escape' was expanded or 'laddered' to 'fantasy', 'make believe', 'real life' and 'imagination'.

Insight Research concluded:

1   Walt Disney was perceived to be for families with children or romantic couples; and also sentimental, romantic, nostalgic and relaxed.
2   Universal Studios Florida was seen as active, participatory, thrilling, unexpected, visionary, more interactive and more challenging intellectually. Other descriptors included reality, more complete escapes, deeper family bonding, self-discovery, growth, more advanced technology and adult–children shared experiences.
3   Universal Studios Florida should position itself as 'shared family experience for older kids and their parents'.

The new marketing campaign in 2007 conveyed the emotional shared experience, and also featured the new *The Simpsons* ride (see Figure 5.25), and achieved visitor increases and a doubling of revenue.[92]

**FIGURE 5.25**
'The Simpsons' ride, Universal Studios

## KATHY HATZIS

Kathy Hatzis is director of the Australian Marketing Institute. She has more than 20 years' experience in consumer and brand marketing for some of Australia's largest multi-channel advertisers, most recently as Head of Retail Marketing at ANZ Bank and also with head of marketing roles at Westpac Bank, St.George Bank and Australia's second largest telecommunications company, Optus. She is a national board member of the leading marketing professional body, the Australian Marketing Institute, and previously was named Australian Advertiser Association's Young Marketer of the Year. Kathy is a graduate in Commerce (Marketing), a graduate of the Australian Institute of Company Directors and a Certified Practising Marketer (CPM).

### *How did your career start?*

Soon after completing my business and marketing university studies, I joined a start-up company that had just been granted the second telecommunications licence in Australia, to challenge the incumbent and previously government-owned telecom provider. I started in telemarketing as one of its first employees, without a customer base, and left 11 years later managing all customer acquisition and cross-sell marketing for telephony, broadband and subscription television services, with more than 2 million customers and a 20 per cent market share.

### *What advice would you offer a student studying consumer behaviour?*

These are the human fundamentals behind every facet in marketing, customer experience and external communications. The science in the psychology and the models you should immerse yourself into, in order to extract deep insights that can be actioned to derive value for customers and businesses, will serve you well throughout your marketing and business career. Among other facets of business, you will be well equipped for media management, brand development, creative platform creation and transformational leadership.

*How important are consumer insights to what you do and to your organisation?*

From communications, technology and banking to government, FMCG and not-for-profit entities that I have worked with, it's the core of being. Strategy is key, but without alignment to consumer insights, your strategic pathway may have no value extraction potential. Deliver what consumers need now and into the future, however, and you place yourself onto a path of value derivation for consumers and your business.

*What is the hardest decision you've had to make to date?*

Investment decisions—how much, where and on what. Whether that is $6 million in rationalisation or $5 million for rapid expansion, a detailed knowledge of the levers that will drive optimal value for your customers is needed to inform these decisions.

*How important is social media to you?*

Both personally and professionally, it's critical to how we now engage and connect with others.

*What has been your favourite project to work on?*

Highlights include launching pre-paid mobile phone offerings for Optus (as one of the first to do so globally); launching broadband internet for Optus and enjoying the fast growth curve it experienced as innovators and then the mass market understood its power to change the way we communicate; and working at the forefront of the merger between Australia's challenger banking brand and one of the largest established banks to form the third largest company in Australia. Each of these pioneering endeavours required strong consumer insights to generate optimal business outcomes.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

I have just shared a blog posting on this topic at cmo.com.au, with the themes Follow the Customer, Move Faster and Look Further in terms of the consumer, business and marketing operational connection points.

Customers continue to disrupt value chains, and digital disruption is only going to increase across channels, media, creative, content and production techniques. We know from Moore's law that technological and social change is relentless and the pace could even accelerate.

For those that don't proactively manage for this exhilarating era, they will face exhaustion in tactically responding, and their methods could even face extinction. Marketing has faced many changes as a discipline, but the understanding of consumer behaviour has remained constant—foreseeing, pre-empting and meeting the needs of consumers who ultimately bring value to our brands and our businesses.

# SUMMARY

This chapter has covered key concepts on needs and motivation, such as basic needs, needs and wants, theories of motivation, interconnections of theories, advertising appeals to connect with consumer motivations, and motivational research to discover latent subconscious motivations. The key concepts are summarised according to the learning objectives established at the beginning of the chapter, with the use of metaphors to synthesise each learning outcome.

1    Describe Covey's four basic human needs.

Covey's four basic needs are like quadruplets that are connected in many ways. In his bestselling book, *The 7 Habits of Highly Effective People*, human-potential guru Stephen Covey advocated integrating and balancing our human nature of mind, heart, body and spirit—or our needs to learn, love, live and leave a legacy. These basic needs are also expressed as mental, emotional, physical and spiritual (MEPS), which are like maps to direct us in life. The terms intelligence quotient, emotional quotient, physical quotient, and spiritual quotient are also used to express our four basic needs.

2    Distinguish between needs and wants.

Needs are like the air that we must have while wants are like a wish list that may or not be desirable. Needs are necessities while wants are need-satisfying desires or wishes that may or may not practically satisfy your basic needs at a certain stage in your life. You have a need for food to live, but some of the need-satisfying wants such as hamburger, pizza or fried chicken may not be healthy if taken daily. Also, your 'unwanted' wants may be someone else's necessities. Your wants also change with your life development.

3    Explain various needs and motivation theories.

The various theories are like multilingual dictionaries that explain certain concepts in different languages. Murray's theory is about primary (physical) needs and secondary or psychogenic (mental) needs, though some of his psychogenic (psychological) needs overlap into the emotional dimension. McClelland built on Murray's theory with his trio of needs theory on affiliation, achievement and power. Maslow's theory suggests that we move up from physical, safety, love, esteem to self-actualisation needs, but he did clarify that his concept is not rigid, so a person could address all the needs simultaneously with varying satisfaction percentages. Alderfer simplified Maslow's theory into existence, relatedness and growth. McGuire has a list of sixteen motives covering cognitive–affective, preservation–growth, active–passive and internal–external categories. Deci and Ryan distinguish between intrinsic motivation (internally motivated) and extrinsic motivation (externally motivated).

4    Connect the various needs and motivation theories.

The MEPS is a metaphorical way to connect various theories under Covey's needs: mental, emotional, physical and spiritual. While some of the motives may seem to fit under mental,

they could also fit under emotional; for example, Murray's psychogenic needs. Most of the motives under various theories seem to fit under mental and emotional, with fewer motives under spiritual. You may have your own views on the fit and connections shown in the synthesis of theories.

5   Discuss advertising appeals used to connect with needs and motivations.
Advertising appeals are like films that entertain but have a storyline. Advertising appeals are either rational or emotional to motivate consumers. Rational advertising appeals connect with logical or practical motives. Emotional advertising appeals target social or psychological needs such as love and self-esteem. Most of the emotional appeals naturally fall under the emotional dimension of MEPS, with some slotted under spiritual need. While there's debate about whether rational, emotional, or emotional plus rational appeals are more effective, latest research findings suggest that the brain is naturally wired to respond emotionally first, so emotional appeals tend to be effective to touch the heart of the consumer first, in order to attract more attention to the message and the brand.

6   Discuss motivational research and projective research techniques.
Motivational research and project research techniques are like space explorations to discover the unknown. Ernest Dichter popularised motivational research as a means to reach the subconscious mind. While the visible part of the iceberg (consumer) is easily noticed by observation, the deeper and larger unseen part of the consumer subconscious could be reached through symbolisms and projective techniques. Contemporary motivation research practitioners such as Rapaille and Olson Zaltman Associates use projective techniques to get consumers to project their emotions and thoughts through pictures, cartoons, drawings, words, 'laddering' or expanded images, speech bubbles, stories, guided imagery, collages, metaphors, shopping lists, object personification, dream exercise and psychodrama.

## KEY TERMS

abundance mentality
archetype discovery
research
blamavoidance
culture codes
emotional appeal
emotional quotient
extrinsic motivation
infavoidance
intelligence quotient

intrinsic motivation
motivational research
physical quotient
projective technique
psychoanalytic methods
psychogenic needs
rational appeal
sadomasochism
sharpen the saw
spiritual quotient

succorance
teleological
viscerogenic need
Zaltman's metaphor
elicitation technique

## END-OF-CHAPTER QUESTIONS

1  What are your views on living a balanced, integrated life to manage your mental, emotional, physical and spiritual (MEPS) needs?

2  Review your basic needs and multiple wants: do you have too many wants for each basic need to live, learn, love and leave a legacy?

3  What needs are satisfied by coffee at Starbucks (or another coffee chain)?

4  Which of Murray's twenty-eight psychogenic needs can you relate to, and why?

5  In terms of McClelland's theory of the achieving society, how much of an achieving person are you?

6  What are your views on Maslow's hierarchy of needs? Read up on other views on Maslow's theory, such as Alderfer's alternative theory of existence—relatedness—growth, and draw your own perspective of the needs expressed by Maslow.

7  In terms of McGuire's theory of motives, how much of an affective—cognitive and active—passive person are you?

8  When are you intrinsically motivated and extrinsically motivated, as theorised by Deci and Ryan?

9  What are your views on the attempt to synthesise the various theories of motivation under the MEPS framework of mental, emotional, physical and spiritual needs?

10  When are you influenced by rational advertising appeals and emotional advertising appeals?

11  What are your views on motivational research to access your innermost subconscious motivations?

12  In terms of Rapaille's culture code theory, what are your culture codes for learning and foreign brands?

13  In terms of the Zaltman Metaphor Elicitation Technique (ZMET), what symbolic or metaphorical pictures would you collect on the topics of tattoos and volunteering?

14  Select one question to work on:
   a   What is the first word that comes to mind when I mention tea?
   b   If you were an object (or animal or plant or celebrity or film or music or sport), which would you be and why?
   c   Complete this sentence: People who eat at Nando's are …

15  Which of the industry examples featured in the chapter resonated with you and why?

16  What other industry examples have you come across that reflect mental, emotional, physical and spiritual needs?

## FURTHER READING

Abraham Maslow and the pyramid that beguiled business—
   www.bbc.com/news/magazine-23902918

Consumer behaviour articles, *New York Times*—

> http://topics.nytimes.com/top/reference/timestopics/subjects/c/consumer_behavior/index.html

Who is your most valuable consumer? —

> http://hk.nielsen.com/products/crs_customer.shtml

Old friends, new faces: Motivation research in the 1990s—

> www.uk.sagepub.com/fineman/Reading%200n/Chapter%2004a%20-%20Ambrose%20and%20Kulik.pdf

Stephen Covey's blog—

> www.stephencovey.com/blog/?tag=7-habits

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# CONSUMER PERSONALITY AND SELF-CONCEPT

Steven D'Alessandro
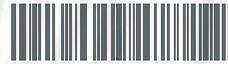
## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1   define and understand personality
2   understand and apply Freudian, neo-Freudian and trait personality theories
3   explain how personality reflects consumers' responses to marketing messages
4   understand products and services consumer use as part of their self-image
5   discuss whether marketers can create brand personality-like traits.

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**GAMBLING: A HARMLESS PASTIME OR A CONSUMER BEHAVIOUR DISEASE?**

Australians love to gamble. Figures from the Australian Productivity Commission showed that in 2008–09, total expenditure (losses) on gambling was $19 billion in or an average of $1500 per adult per year who gambled.[1] While for many Australians gambling is a harmless and enjoyable pursuit, there are some for whom this is a serious problem. This is particularly so with respect to poker machine gamblers. Around 15 per cent of these regular players (95,000) are 'problem gamblers'. And their share of total spending on machines is estimated to be around 40 per cent. The social costs resulting from problem gambling are also considerable at around $4.7 billion dollars a year.

Some researchers believe that problem gambling is an addiction. This raises an important issue for policy makers to limit problem gambling by legal intervention. On the other hand, many Australians love to gamble and resist having their freedom to do so limited by government. In essence, gamblers display a number of personality types from a desire to enjoy themselves with some harmless fun to more compulsive and addictive personalities. This means that policy restrictions that target the addicted gambler are not welcomed by the average punter in Australia. There is thus a need to understand the types of personalities attracted to gambling and those who become addicted to it. The same is true in marketing and consumer behaviour.

## INTRODUCTION

This chapter discusses the importance of personality in consumer behaviour, and how an understanding of personality is of vital importance to marketers and policy makers, both in the execution and communication of marketing strategy and advertising campaigns. The chapter starts with a discussion of the nature of personality, then outlines some important theories of personality and how it can be applied to marketing. The chapter concludes with a discussion of the importance of the self-concept and how brands themselves may exhibit a personality for the consumer.

## WHAT IS PERSONALITY?

**Personality** can be defined as the unique psychological characteristics of a person. These unique characteristics also create consistency in the ways a person responds to their environment.[2] In the opening example, different people with different personalities may react differently to the same event; for example, a win in gambling. A gambler with high locus of control personality may see their gambling win as proof of their skill and competence, while a person with more fatalistic personality or an external locus of control may put this win down simply to luck or chance. Personality is important in consumer behaviour, because it determines how consumers may generally react to marketing and

communication campaigns; for example, advertising,[3] product offers,[4] salespeople,[5] merchandise displays[6] and online marketing strategies.[7] As discussed later in this chapter, personality has not been found to be a good predictor of brand choice, or specific outcomes of decision making. It is more a general orientation to act in a particular manner, given the circumstances in which one finds oneself.

While personality reflects individual differences, people may still share a personality characteristic or have a similar nature of personality. Personality has also been found to be consistent and enduring; it can change, but this is often as the result of maturity or major life events, such as the birth of the first child. This means personality is well suited as a means of describing the nature of consumers. For some areas of marketing, particularly tourism and services,[8] it is a useful means of market segmentation. Before we apply personality to consumer behaviour, it is necessary to understand the three theories of consumer behaviour:

1   Freudian theory
2   neo-Freudian theory
3   trait theory.

Each of these theories provides an important aspect to the understanding of personality and therefore how consumers react to changes in the marketplace.

## THEORIES OF PERSONALITY

### Freudian theory

The genesis of personality theory began with Austrian neurologist Sigmund Freud and the psychoanalysis movement at the beginning of the twentieth century. Freud's system of personality has not only influenced clinical treatments, but has also had a tremendous effect on the arts and cultural landscape of the last one hundred years. Advertisers and copywriters have also been influenced by his theory on personality in terms of the manner in which they frame and construct their advertising messages and campaigns.

Freud believed that the personality each person exhibits is the result of the conflict of three important forces of the subconscious and conscious: the id, ego and superego.[9] The **id**, Freud argues, represents the passions and instinctual drives of the subconscious, which must be managed by the **ego**, which represents a conscious system of self-control and responsibility over the drives of the id (as known as the 'reality principle'). The id is also irrational and acts on the 'pleasure principle'. In the quest for pleasure, the id has no need for the needs of others. Dreams and fantasies are seen by Freud as a means of fulfilling the unconscious needs of the id.[10] In terms of marketing and advertising, appeals to the id are commonly made by stressing the desires for pleasure (for example, 'go on and spoil yourself'), self-indulgence and the nature of dreams, which allow the expression of the desires of the id. Figure 6.1 shows a screenshot of an advertisement from the 2012 Superbowl for the Kia Optima. The advertisement features cameo appearances from Victoria's Secret model

**Define and understand personality.**

**personality**
The unique psychological characteristics of a person; the consistent way in which a person responds to their environment

**Understand and apply Freudian, neo-Freudian and trait personality theories.**

**id**
The passions and instinctual drives of the subconscious; the id is irrational and acts on the pleasure principle (compare with ego and superego)

**ego**
A conscious system of self-control and responsibility over the drives of the id; the ego is rational and operates at the conscious level, weighing actions with consequences

Adriana Lima, martial arts legend Chuck Liddell, bull rider Judd Leffew on a rhinoceros and heavy metal band Mötley Crüe (see Figure 6.1).

FIGURE 6.1
An advertisement
appealing to the id



This advertisement appeals to the pleasure principle of the id and promotes the needs of the viewer through characters such as a rock band, a bull rider and a martial law expert, who all act on their instinctual drives, or pleasure principles, such as sexual attraction and the fulfilment of personal needs. By positioning the Kia Optima with these visuals, in a dream-like state, the advertisers are making an appeal to the unconscious id of personality.

Advertising can also appeal to the ego part of personality. Freud called the ego 'the reality principle'. It transforms the burdens of the id into practical ways of need fulfilment by modifying the nature and the timing of the demands. The ego is rational and operates at the conscious level, weighing actions with consequences. The ego also performs 'reality testing', in which the demands of the id are examined against the reality of the individual's life.[11] In other words, appeals to the ego stress the personal sense of responsibility in terms of actions and consequences. This can be demonstrated through Transport Accident Commission (TAC) of Victoria campaign (see Figure 6.2), which stresses the outcomes of drinking and speeding while driving, and how enforcement will result in unfavourable consequences.

**superego**

The restrictions and prohibitions on behaviour placed on people initially by parents and then by significant others

The third part of Freud's system of personality is the **superego**. The superego contains restrictions and prohibitions on behaviour placed on people initially by parents and then by significant others. It also contains praise for good behaviour.[12] While the id stresses pleasure, the superego stresses perfectionism, especially as a moralising force (known as the 'perfection principle'). Part of the superego is conscious, stressing known rules of behaviour and signs of praise, while the other is unconscious, and may consist of patterns of acceptable behaviour and praise learnt while still an infant. Some individuals with a low

development of a superego may not feel any guilt, even after major ethical infractions. On the other hand, individuals with a superego enormous in power will be perfectionists and may suffer from moral anxiety.



**FIGURE 6.2**
An advertisement appealing to the ego

Advertising appeals to the superego stress the concerns for others, socially acceptable behaviour and conforming to a moral code. An example of this is shown in Figure 6.3, which is an advertisement to encourage the recycling of mobile phones in Australia. Not only is this seen as a responsible thing to do, but praise is also provided in terms of rewards: in this case, participants can enter a draw for a Landcare Australia grant to clean up a local coastline. This means that this is also quite a powerful piece of advertising copy, as two responsible actions—recycling and cleaning up coastlines—have been linked in one message.



**FIGURE 6.3**
An advertisement appealing to the superego

While each of these parts of Freud's structure of personality has been discussed separately, it is important to note that they can both interact and be in conflict. As shown in Figure 6.4, forces or drives from the id are called 'cathexis' and represent libido, or forces of gratification. This force is repressed by the ego and superego. The force from the superego, as shown by the downward arrows, is called 'anticathexis', which blocks the cathexis of the id. In essence, the id produces a large amount of surplus energy or demands, which must be managed by the ego and superego. Further, at times the superego may oppose actions

**FIGURE 6.4**
Freud's structure of
personality



Superego — Perfection principle—conscious and unconscious

Anticathexis

Ego — Reality principle—conscious and preconscious

Cathexis

Id — Pleasure principle—unconscious
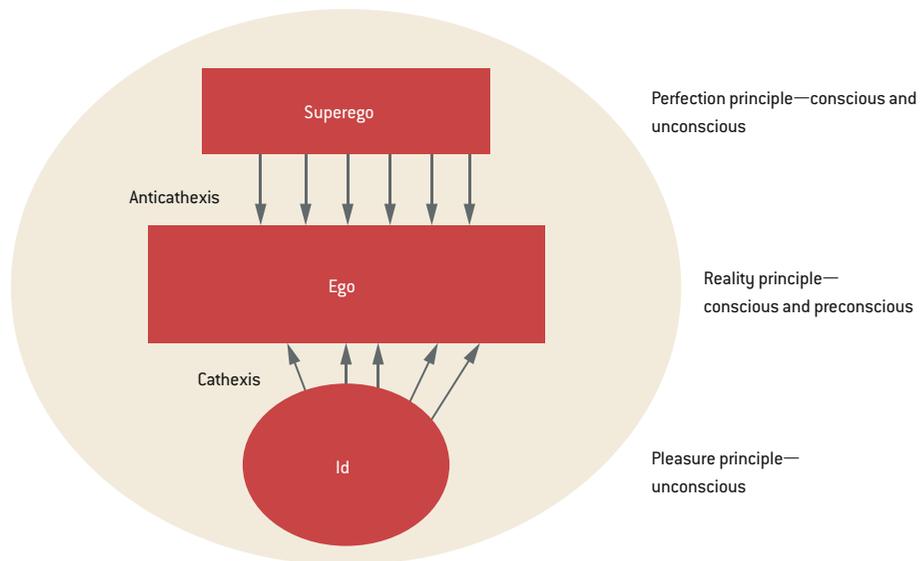
originating from the ego. Consumers, for example, may feel that demands emanating from others must be managed in order to balance their own lives towards what they feel is the right thing to do. Parents, for example, may be concerned about a 'work–life balance'— meeting the demands of employment with those of family life.

## Intrapersonal conflicts

As suggested in Figure 6.4, conflicts arise from Freud's system of personality and these have important implications for consumer behaviour.

- *Conflicts between the id and the ego.* These occur when the id demands immediate satisfaction but the ego is still in the process of modifying that demand. A consumer, for example, may wish to buy an expensive wristwatch using his credit card, but wonders if it might be better to purchase that item when it goes on special and is reduced. Marketers, therefore, should recognise that appealing directly to the id will only be effective if a rational basis for acting on its desire is provided; for example, 'There has never been a better time to buy a Rolex'.
- *Conflicts between the id versus the superego.* These involve conflicts between desires of the id and the challenges of the superego of real or imagined unethical consequences. An example might be a consumer considering a purchase of a counterfeit Rolex watch while on holiday. The consumer would like to purchase the watch, given how cheap and stylish it is, but is worried about the ethical consequences of such a purchase, or perhaps about being caught by the authorities in the act of conducting an illegal activity. Research suggests the personality factors of the superego that manifest themselves in this situation consist of a sense of public self-consciousness, ethical judgements and obligations. Conversely, the forces of the id that influence the intent to purchase a counterfeit watch include fashion consciousness and status-seeking behaviour.[13]

- *Conflicts between the ego and superego.* These are typified by clashes by the rational ego and the perfectionist superego. This may occur when a person wishes to engage in behaviour that they see as reasonable but that nonetheless makes them feel guilty about the wider societal consequences of the behaviour. Research on the purchase of environmentally friendly products suggests consumers do make trade-offs of personal utility and the environmental credentials of products—for example, paying more for a product, or purchasing a product that is not as effective—and this represents a balancing of the forces of ego and superego.[14] Consumers may also be motivated to purchase environmental products because it is seen as a good thing and can in public demonstrate status, which is an example of appeals to superego overcoming conflict with the ego.[15]

As can be seen in the above examples, Freud's analysis of personality has much to offer in our understanding of consumers. It is, however, not the only theory of personality and it relies substantially on the clinical interpretation of consumer actions. Another important set of personality theories falls within the neo-Freudian school of thought, which places more emphasis on the interaction of personality with the environment.

## Neo-Freudian theory

Karen Horney's (1885–1952) theory of personality is based in part on a Freudian analysis of childhood development. Where she differs from Freud is in her greater focus on social factors and how they influence personality. Horney believes that childhood development creates three types of personality: compliant, aggressive and detached. Therefore, this is often called the CAD theory of personality.

Also known as a submissive personality, a **compliant personality** is based on moving towards people, and comes from a childhood development where a child tries to gain approval from parents and adults and therefore creates a personality of dependence. An **aggressive personality** is based on a mistrust of society, in which the only means of mastering the environment is to gain power over it, even by aggressive behaviour. A **detached personality** is one where people move away from people and society. People with a detached personality neither want to fight nor belong to others.[16] We summarise the CAD theory in Figure 6.5.

**compliant personality**
A Horney concept personality based on moving towards people, which comes from a childhood development of dependency where a child tries to gain approval from parents and adults (also called a submissive personality)

**aggressive personality**
A Horney concept of personality based on a mistrust of society, in which the only means of mastering the environment is to gain power over it, even by aggressive behaviour

**detached personality**
A Horney concept of personality based on moving away from people and society; people with a detached personality neither want to fight nor belong to others
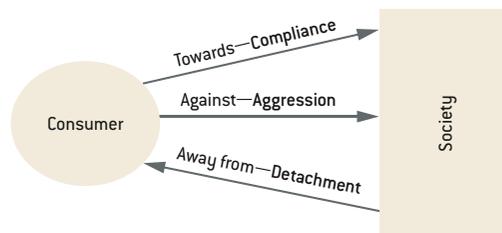


**FIGURE 6.5**
CAD theory of personality

**FIGURE 6.6**
An advertisement appealing to a detached personality



Consumers with a compliant personality have been found to be more likely to purchase mouthwashes and deodorants, and prefer well-known brands. Consumers with an aggressive personality, on the other hand, have been found to favour strong cologne and shaving with razor blades,[17] and have also been associated with dysfunctional driving styles.[18] In the hospitality sector, consumer misbehaviour, such as verbal abuse, property damage and sexual abuse, has also been associated with aggressive personalities.[19] Consumers with a detached personality are not brand loyal and are generally uninterested in marketing offers.[20] One company that has successfully marketed to consumers with a detached personality is Hush Puppies, a manufacturer of comfort shoes. In the print advertisement reproduced in Figure 6.6, we see the owner of Hush Puppies as removed and separate from the hostile environment around him.

## Trait theory

**trait theory**
A theory of personality that relies on the measurement of personality, rather than clinical and qualitative insights

**Trait theory** of personality relies on the measurement of personality, rather than clinical and qualitative insights required by Freudian and neo-Freudian theory. Trait theory is based on a descriptive approach to personality, with a predictive emphasis. Traits are believed to be directly measurable, usually via questionnaires or tests. A trait is a considered to be a behavioural attitude of a person or a collection of responses that form a particular identity. Traits can be subdivided into trait elements that are called factors. Factors can be defined as source traits with an attached numerical value, which expresses their correlation with other factors. The numerical loadings are usually factor loadings, similar to correlations. Raymond Cattell, the founder of trait theory, offers an example of factor loading (that is, assigning a numerical value). If intelligence is split into factors, it may be that the ability to excel in algebra is loaded to about 0.8 with the general factor intelligence, whereas the ability to do drawing is loaded only at 0.3. This means a person with a particular intelligence level will do better in algebra than in drawing (0.8 is close to 1, but 0.3 is further away).[21]

### The 'big five' theory of personality

In recent times the factors that represent the different traits of persons and consumers has been reduced to five factors—neuroticism, extroversion, openness to experience,

agreeableness and conscientiousness—collectively known as the **big five theory of personality**. Each of the five factors is represented by six more specific scales that measure parts of that factor.

1   *Neuroticism*. This is a factor of personality that is associated with embarrassment, fear, guilt, anger, disgust and sadness. A low score on this factor indicates emotional stability characterised by being even-tempered, calm and relaxed.

2   *Extroversion*. This is a factor of personality of orientation interaction with the world. Individuals with high extroversion enjoy meeting people, being in large groups, seek excitement and are optimistic. A low score on this factor indicates introversion. Introverts tend to be reserved and independent, and prefer to spend time alone, which is much like the detached personality discussed earlier in this chapter.

3   *Openness to experience*. As the term implies, this is an orientation to seek both new experiences and a variety of experiences. People scoring high on this factor will also be more open to new ideas, seek to experience both positive and negative experiences and ascribe to unconventional values. A high score on this factor is associated with a preference for variety, an intellectual curiosity, an active imagination and an independence of judgment. A low score on this factor indicates a conservative outlook and a desire for the conventional and the familiar.

4   *Agreeableness*. This is a similar factor to compliance, and can be seen as tendency to move near people and act compassionately towards them. A high score on this factor is associated with unselfishness, an eagerness to support people, cooperativeness and a belief that others will be equally helpful in return. A low score indicates the tendency to be aggressive, self-centred, competitive and sceptical of others' intentions.

5   *Conscientiousness*. This is a factor that describes the pursuit of goals and the reduction of impulses. A high score on this factor is associated with an individual who is resolute, uncompromising, prompt, reliable and determined. A low score on this dimension indicates a tendency to be apathetic in working towards goals.

## The big five and consumer behaviour

Researchers have found that the big five factors of personality are useful in explaining a wide range of consumer behaviours. Research in Malaysia suggests that consumers with different personality factors may use music for different reasons. This is important as it provides marketers with an explanation of why people might select a particular type of music. Individuals higher in neuroticism were more likely to use music for emotional regulation (influencing their mood states). Extroversion positively predicted use of music as background or for distraction, and openness to experience predicted cognitive use of music.[22]

Extroversion and neuroticism have been found to be important predictors of reactions to advertising, particularly ad-evoked feelings and subsequent consumer attitudes.[23] Consumers scoring high on neuroticism have been found to be more likely to be dissatisfied

**big five theory of personality**
A trait theory of personality that contains five factors: neuroticism, extroversion, openness to experience, agreeableness and conscientiousness

and to engage in negative word-of-mouth review.[24] In another study, a preference for 'trusted brands' was found in male respondents who were dominant on the neuroticism factor; by contrast, females with a preference for 'trusted brands' were dominant on the conscientiousness dimension.[25]

Brand switching in both mobile phones and credit cards has been linked to the personality factor of openness to new experiences.[26] Lastly, consumers who score highly on conscientiousness have been found to be less likely to purchase counterfeit products.[27]

## PERSONALITY AND CONSUMER BEHAVIOUR

Explain how personality reflects consumers' responses to marketing messages.

Practitioners and researchers have developed a number of consumer personality measures that have been found to be useful in explaining consumer reactions to promotion and marketing strategy. Unlike the 'big five factors', these measures are usually represented as traits and have been used as individual variables of personality. The following section outlines some of these important factors of personality relevant to consumer behaviour:

- innovativeness
- dogmatism
- ethnocentrism
- character
- need for uniqueness
- susceptibility to interpersonal influence
- optimum stimulation level
- need for cognition
- locus of control
- uncertainty orientation.

### Consumer innovativeness

**innovativeness**
The degree to which an individual makes innovation decisions independently of the communicated experience of others

**Innovativeness** is a general personality trait that has been defined as 'the degree to which an individual makes innovation decisions independently of the communicated experience of others'.[28] Other researchers have suggested that general innovativeness is a part of *vicarious innovation*, which is necessary, but not sufficient, for the early adoption of an innovation (which is known as *actualised innovativeness*).[29] Usually self-report measures or questionnaires are used to estimate the tendency to try to adopt new products and services before other consumers.[30] An example of such a measure is shown in Table 6.1

It has been argued that consumer novelty seeking and creativity are important antecedents to innovativeness.[31] Innovativeness is impacted by risk taking, an openness to change and a willingness to experiment.[32] Other research has suggested that innovativeness reflects a problem-solving personality in which accepted methods (or products) are adapted creatively to solve problems.[33] Research has shown that domain-specific innovativeness measures were predictors of the adoption of an innovation.[34] This suggests that consumers

- In general I am the first of my circle of my friends to buy anything in information technology.
- If I heard something new was available in information technology then I would probably buy it.
- Compared with my friends, I own a lot of items of information technology.
- In general, I am the first of my circle of friends to know the names of new items of information technology.
- I will buy anything new in information technology even if I haven't heard of it.

are innovators usually in one product class—for example, rap music or consumer electronics—but not across all product classes.

## Dogmatism

**Dogmatism** is the extent to which a person can react to information in the environment on its own merits. A highly dogmatic person is less concerned about ambiguous information if it is presented by prestigious communicators or authority figures.[35] Dogmatic consumers also have strong beliefs and in the absence of authority figures are unlikely to change these beliefs; they are also more likely to use accepted brands and be brand loyal. Consumers low in dogmatism are more open to new experiences and are more likely to accept innovations or new products.[36] Figure 6.7 shows an advertisement appealing to the dogmatic personality. By using the famous actor, John Hurt as an authority figure, dogmatic consumers will be more likely to consider the advertising message of visiting Britain.

**dogmatism**
The extent to which a person can react to information in the environment on its own merits; a highly dogmatic person is less concerned about ambiguous information if it is presented by prestigious communicators or authority figures; dogmatic consumers also have strong beliefs



**FIGURE 6.7**
An advertisement appealing to a dogmatic personality

**ethnocentrism**
A belief that your culture is superior to others

**consumer ethnocentrism**
The trait of consumers who rate highly and purchase domestic goods because they believe it will help the economy and provide jobs, as well as bolster national pride

## Consumer ethnocentrism

**Ethnocentrism** can be defined as a 'view of things in which one's own group is the centre of everything, and all others are scaled with reference to it'.[37] Feelings of ethnocentrism imply support for a in-group (for example, a tribe or nation, but usually a racial group) and hostility towards an out-group, which is seen as threatening the survival of the in-group.[38]

A related personality concept is **consumer ethnocentrism**. Ethnocentric consumers purchase and rate highly domestic goods because they believe it will help the economy and provide jobs, as well as bolster national pride.[39] Such consumers may believe in some degree of personal sacrifice in terms of price or quality in order to support the direct or indirect aggregate benefits flowing from increased domestic sales. Table 6.2 shows the questionnaire items used to measure consumer ethnocentrism.

**TABLE 6.2**
Measurement of consumer ethnocentrism

| RESPONDENTS ARE ASKED TO STATE THEIR LEVEL OF AGREEMENT ON FIVE-POINT SCALE FROM 1 (STRONGLY DISAGREE) TO 5 (STRONGLY AGREE). RESPONSES TO THE SEVENTEEN ITEMS ARE SUMMED, WITH A HIGHER SCORE INDICATING STRONGER CONSUMER ETHNOCENTRISM. |
|---|

1 Australian people should always buy Australian-made products instead of imports.
2 Only those products that are unavailable in Australia should be imported.
3 Buy Australian-made products. Keep Australia working.
4 Australian products, first, last and foremost.
5 Purchasing foreign-made products is un-Australian.
6 It is not right to purchase foreign products, because it puts Australians out of jobs.
7 A real Australian should always buy Australian-made products.
8 We should purchase products manufactured in Australia instead of letting other countries get rich off us.
9 It is always best to purchase Australian products.
10 There should be very little trading or purchasing of goods from other countries unless out of necessity.
11 Australians should not buy foreign products, because this hurts Australian business and causes unemployment.
12 Curbs should be put on all imports.
13 It may cost me in the long run, but I prefer to support Australian products.
14 Foreigners should not be allowed to put their products on our markets.
15 Foreign products should be taxed heavily to reduce their entry into Australia.
16 We should buy from foreign countries only those products that we cannot obtain within our own country.
17 Australian consumers who purchase products made in other countries are responsible for putting their fellow Australians out of work.

Clearly domestic marketers should appeal directly to ethnocentric consumers as an important market segment. An example is the recent debate between Australian-owned Herron Paracetamol and Panadol, owned by foreign multinational GlaxoSmithKline. As shown in the Herron advertisement (see www.youtube.com/watch?v=rdJMx7MuVGA), the suggested motivation to buy Herron Paracetamol is to support local industry and employment. Similarly, Dick Smith's Foods campaigns on the benefits of supporting

Australian farmers and providing domestic employment. The company also stresses that many Australian food icons, such as Vegemite, are now owned by overseas companies (see Figure 6.8).



**FIGURE 6.8**
An advertisement appealing to ethnocentric consumers

## Social character

A consumer's **social character** is a personality trait that on a continuum varies from an emphasis of inner direction (contemplation and inner values) to outer direction (looking to others for guidance and direction).[40] In some respects, the continuum of social character is similar to Horney's detached (inner) and compliant (outer) personality types. Advertising appeals have been found to be more effective if they are matched with a consumer's social character; that is, inner-directed consumers have been found to prefer inner-directed appeals and vice versa with outer-directed consumers.[41] Inner-directed consumers have also been found to be more likely to adopt new products.[42] By contrast, outer-directed consumers prefer more prestigious automobile brands compared with inner-directed consumers.[43] A recent retailing study has suggested that women are more likely to be inner directed and men more likely to be outer directed, suggesting that different types of merchandise and appeals may be suitable for different genders.[44] Figure 6.8 shows an appeal to outer-directed consumers by Carlsberg Beer. The consumers are encouraged to take part in a promotion to find a secret party.

**social character**
A personality trait that on continuum varies from an emphasis of inner direction (contemplation and inner values) to outer direction (looking to others for guidance and direction)

**FIGURE 6.9**
An advertisement appealing to outer-directed consumers



## Need for uniqueness

**need for uniqueness (NFU)**
An individual's pursuit of differentness relative to others that is achieved through the acquisition, utilisation and disposition of consumer goods for the purpose of developing and enhancing one's personal and social identity

**Need for uniqueness (NFU)** can be defined 'as an individual's pursuit of differentness relative to others that is achieved through the acquisition, utilisation, and disposition of consumer goods for the purpose of developing and enhancing one's personal and social identity'.[45]

Consumers with a high need for NFU have been found to have specific shopping behaviours.[46] In particular, they have been found to prefer more specialist retailers, have strong relationships with sales staff and avoid convenience as a factor in store choice. NFU is also associated with more individualised decision making and less reliance on others' choices,[47] as well as status[48] and luxury consumption.[49] Innovation research has shown that high NFU consumers stop using products and services as they become accepted by a majority of people.[50] Interestingly, consumers who score highly on the NFU scale have been found to be less likely to provide positive word of mouth reviews about publicly consumed products, but will provide feedback about privately consumed products.[51] Figure 6.10 shows an advertisement for a long-running campaign by Smirnov Vodka that links their brand with the personality trait of NFU. The unusual advertising copy also appeals to these types of consumers.

## Susceptibility to interpersonal influence

**susceptibility to interpersonal influence (SII)**
The need to identity with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands

At the other end of the scale is **susceptibility to interpersonal influence (SII)**. This is defined as 'the need to identity with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands'.[52] Not surprisingly, innovativeness is negatively related to SII, meaning that consumers with a high level of SII will not adopt products and services before the majority accepts them.[53] Impulse purchasing has been found to be associated with SII,[54] possibly because SII creates pressures for
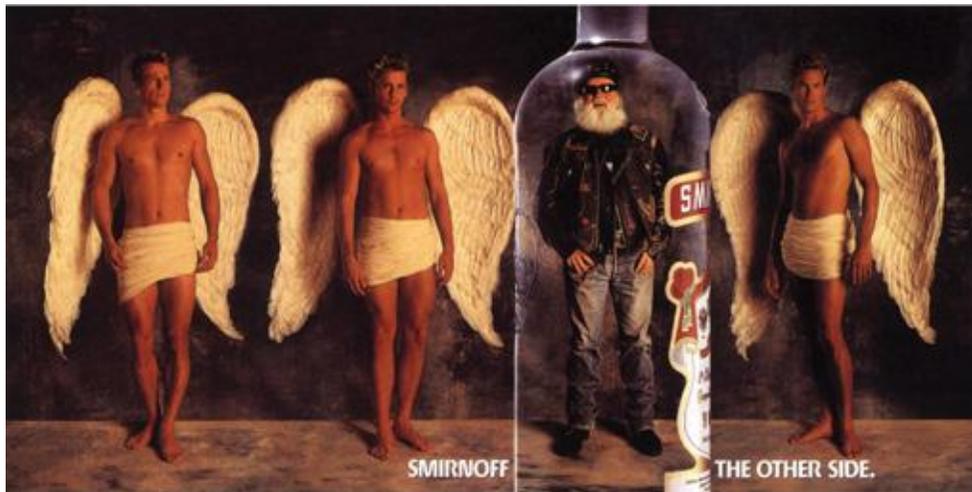
**FIGURE 6.10**
An advertisement appealing to consumers with a high need for uniqueness

consumers to be influenced by factors in their external environment, such as point of purchase displays in retail outlets. Sometimes health campaigns can target people who have a high SII to convince them to change their behaviour based on the advice of others. This is shown in Figure 6.11, which is a print anti-smoking campaign for Aboriginal communities in Australia, where a mother is promoting a cause of giving up smoking. 'If I can do it, I reckon we all can.'



**FIGURE 6.11**
An advertisement appealing to consumers with a high susceptibility to interpersonal influence

## Optimum stimulation level

**Optimum stimulation level (OSL)** is defined as an 'arousal seeking tendency', where every consumer prefers a certain level of stimulation. Where environmental stimulation (which is determined by properties such as excitement, novelty and complexity) is below optimum, an individual will seek stimulation; conversely, where it is above optimum, they will seek to reduce it.[55] Simply put, we seek levels of activity, excitement and interest up to a point, beyond which it becomes stressful, when we seek to 'chill out' and seek more relaxing pastimes. Consumers with a high OSL seek out additional information, experiences and variety.[56] High text messaging and greater involvement with the use of

**optimum stimulation level (OSL)**
An 'arousal seeking tendency', where every consumer prefers a certain level of stimulation

It's about time
you escaped

mobile phones has also been found to be associated with high levels of OSL.[57] Much earlier research has also shown high OSL to be associated with a higher likelihood to try new products and retail outlets.[58] Consumers with a lower OSL, as can be seen in Figure 6.12, may be attracted to relaxing holidays away from responsibilities, crowds and over-excitement.

## Need for cognition

**need for cognition (NFC)**
The joy a consumer obtains from thinking; consumers with a high NFC prefer detailed printed information about products, and advertising copy that stresses arguments and reasons for purchases

A consumer's **need for cognition (NFC)** is the joy they obtain from thinking. Consumers with a high NFC prefer detailed printed information about products, and advertising copy that stresses arguments and reasons for purchases.[59] They are also likely to appreciate complex tasks. Consumers with a low NFC enjoy more visually based advertisements, which are entertaining and escapist. They are also likely to be attracted to the peripheral cues, such as attractive models.[60] Consumers with a high NFC are also likely to consult more information sources and engage in much greater external search than consumers with a low NFC.[61] Figure 6.13 shows an advertisement by BMW, which provides a lot of information and arguments about its brand of SUV, which clearly appeals to a consumer with a high NFC.

FIGURE 6.13
An advertisement
appealing to
consumers with a high
need for cognition

## Locus of control

**Locus of control (LOC)** is a personality trait that encompasses an individual's belief about the level of control they have over their environment.[62] Consumers with a high (or internal) LOC believe that they can influence outcomes in their environment by their actions and abilities. Consumers with a low (or external) LOC believe they cannot really influence outcomes in the outside world and what happens to them is really the result of chance, fate or the effects of more powerful forces. In short, LOC is an important predictor of goal-oriented actions in both psychology[63] and marketing.[64]

Leading edge users of complex products have been found to have a high LOC.[65] An internal or high LOC has also been associated with the use of self-service technology.[66] Consumers with an internal locus of control are also more likely to take action (for example, complain, ask for a refund or tell others) as the result of dissatisfaction with products and services.[67] The use of credit cards by Chinese consumers has been shown to be influenced by their LOC. Chinese consumers with internal LOC were found to use credit cards as a means of convenience, paying off the monthly balances, while Chinese consumers with an external LOC used credit cards as a means of making instalment payments.[68] Consumers who have an internal LOC have also been more likely to be prepared and purposive in the act of shopping.[69]

**locus of control (LOC)**
A personality trait that encompasses an individual's belief about the level of control they have over their environment

## Uncertainty orientation

A consumer's **uncertainty orientation** is the degree to which they accept ambiguity and doubt in the marketplace. Consumers with a low uncertainty orientation look for complete information and search more when making choices. Consumers who accept a much higher degree of uncertainty may wish to be challenged by novel situations and seek to learn from different experiences and the world around them. The impact of uncertainty orientation has been shown to influence consumer search. For durables, uncertainty-oriented consumers experienced greater purchase risk and engaged in greater external search than certainty-oriented consumers. For nondurables, uncertainty-oriented consumers experienced lower purchase risk than certainty-oriented consumers[70].

**uncertainty orientation**
The degree to which a consumer accepts ambiguity and doubt in the marketplace

### NEW ZEALAND TOURISM: CATERING FOR A NUMBER OF PERSONALITY TYPES

Tourism contributed 5.27 per cent of New Zealand's GDP in 2012. This is much higher than a number of other countries. In the UK, for example, tourism contributes around 2 per cent to GDP.[71] In 2012, 2.88 million tourists visited New Zealand—not bad for a country with a population of only 4.44 million people.

The country's marketing slogan,'100 per cent Pure New Zealand', has been in use for over 10 years. In the *New Zealand Tourism Strategy 2015*, the Pure New Zealand campaign promotes responsible tourism and refers to the Māori concept of *kaitiakitanga*, which means guardianship, care or protection in relation to the environment. Not only is the natural beauty of New Zealand marketed widely, but also its appeal as an extreme

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sports destination. Tourists in New Zealand can enjoy bungy jumping (invented in Queenstown), skiing, white-water rafting, black-water rafting (white-water rafting on underground rivers) and jet boating, to name just a few of the activities available. The Tourism New Zealand website (www.newzealand.com) also promotes a range of other activities that appeal to a wide selection of personality types, including horse riding, wine tasting, luxury accommodation and family holidays. So whether you're adventurous or just need a relaxing break, there is a New Zealand holiday for you.

**FIGURE 6.14**
100% Pure New
Zealand ad campaign
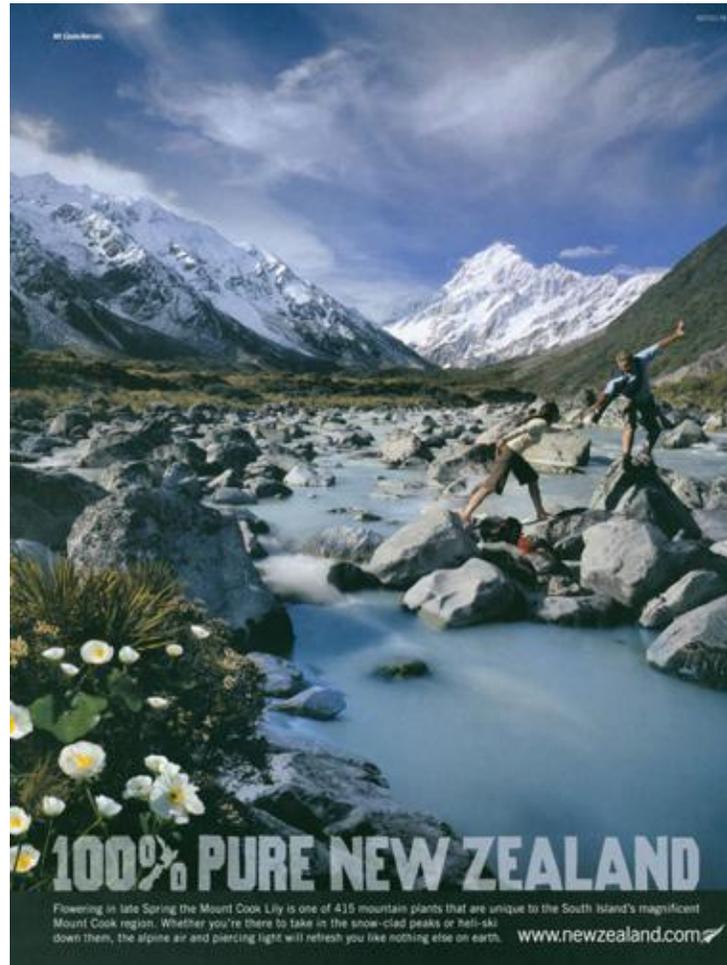


## Abnormal consumer personality traits

In recent times consumer researchers have become more interested in extreme forms of consumer personality traits, which border on fixation and compulsivity. It is believed that these abnormal personality types may have resulted from the rise of value of materialism in many countries. Research suggests that there is a continuum of 'abnormal' consumer behaviour ranging from fanatical or fixated consumer behaviour to compulsive

consumption. Further, its intensity can range from a short-term fixation to full-blown addictive behaviour[72] (see Figure 6.15).

| Low impact, long term | High impact, short term | Long term, long term |
|---|---|---|
| Fixated | Compulsive buying | Addictive |

**FIGURE 6.15**
The range of abnormal consumer personalities

**Fixated consumers** are highly involved people with a deep interest and passion for a particular consumption activity. This may include being a member of a fan club, an avid collector and/or a fanatical supporter of a sporting team. Generally it is believed that such fixations and fanaticism are not harmful to the consumer's welfare.[73] Fixated consumers are more likely to engage in excessive shopping behaviours that display greater sophistication and reflexivity than more normal consumers.[74]

**Compulsive consumers** are those with a tendency to be preoccupied with buying, which is revealed through repetitive buying and a lack of impulse control over buying.[75] Research indicates that people who buy compulsively are more likely to demonstrate, to have lower self-esteem, and to be more prone to fantasy than more normal consumers. Their primary motivation appears to be the psychological benefits derived from the buying process itself rather than from the possession of purchased objects. Consequences of compulsive buying include extreme levels of debt, anxiety and frustration, and the subjective sense of loss of control.[76] Consumers who engage in compulsive buying have extrinsic goals emphasising financial success and attractiveness to others.[77] It has also been found that compulsive consumption can occur out of reasons of stress and is more likely to occur with younger people, particularly adolescents.[78]

**Addictive consumers** display personality traits that include a complete loss of control by consumers of their actions over the long term, which is detrimental to their welfare and health. Examples include addictive gambling, smoking, excessive drinking, binge eating and use of illegal drugs.[79] Addictive behaviour involves an individual who engages in behaviours that he or she finds pleasurable and rewarding, with an increase in preoccupation with the addictive behaviour or activity. Addictions are characterised by repetitive loss of predictable control of the addictive behaviour, which results in adverse consequences for the individual, and in many cases for the family members and friends of that individual.[80] Research has found that addictive shopping behaviour has been linked to anxiety, depression and obsessive-compulsiveness, followed by passive coping, low self-esteem, low conscientiousness, an external locus of control and sensation seeking.[81] Another type of addictive consumer personality is hoarding. Hoarding includes the accumulation of products in a chaotic manner, which serves to provide the hoarder with a sense of reassurance and security.[82] It has been suggested that hoarding may be dysfunctional to consumers because it socially isolates them and may lead to further health and hygiene issues.[83]

**fixated consumers**
Highly involved consumers with a deep interest or passion for a particular consumption activity

**compulsive consumers**
Those consumers preoccupied with buying, which is revealed through repetitive buying and a lack of impulse control over buying

**addictive consumers**
Consumers who display personality traits that include a complete loss of control over their actions in the long term, which is detrimental to their welfare and health; for example, addictive gambling, smoking, excessive drinking, binge eating and use of illegal drugs

Consumers who have abnormal personality traits represent an important marketing dilemma for marketers. On the one hand, consumers who purchase products on impulse are for many retailers an important segment; it has been estimated that around 10 per cent of all purchases are unplanned and bought on impulse.[84] Clearly consumers who suffer from these abnormal personality traits are not in control of their decision making, and so there are ethical and social reasons for marketers to understand what types of consumers these are and to produce socially responsible promotions that do not intentionally target these people.

## Consumer self-concept

The consumer self-concept has been defined as how the individual perceives himself or herself.[85] The self-concept of the consumer is simply the idea of the representation of identity and how it matches the outside reality of the world. Another term for the self-concept is the self-image, since it is simply the consumer's perception of themselves. Unlike personality trait theory discussed previously, self-concept theory is more a process of personality formation than an enduring end state.

Psychologists believe the self has a number of important functions when dealing with experiences. It may symbolise and accept them as part of the self, deny them because they are not consistent with the self or symbolise them in a distorted manner.[86] Not surprisingly, researchers in consumer behaviour have found that consumers will favour products and brands that are consistent with their self-concept.[87] This is particularly so for symbolic products and services, which imply identity; for example, brands of automobiles,[88] fashion apparel[89] and cologne.[90] How well product and service experiences match that of the self-concept have been found to be predictive of post-purchase satisfaction. Cruise ship passengers' satisfaction, for example, has been found to be predicted by how well their experiences matched that of their self-concept.[91]

*Understand products and services consumers use as part of their self-image.*

### The components of the self-concept

**consumer self-concept**
How the individual perceives himself or herself, consisting of both the actual self (the way we see ourselves), the ideal self (what we hope to become), the ideal-social self (how we would like others to see us become) and the real-social self (how we think others see us)

The **consumer self-concept** can be further explained as consisting of both the actual self (the way we see ourselves) and ideal self (what we hope to become).[92] To this, consumer researchers have added the ideal-social self (how we would like others to see us become) and the real-social self (how we think others see us).[93] It has been found that for publicly consumed products and services—particularly luxuries—consumers will be more likely to purchase brands closer to their ideal-social self-concept.[94] It has also been suggested that the purchase of counterfeit luxury brands occurs because of a desire for ideal-social self-concept.[95] Other studies suggest that brand preference is closely linked with the ideal self-concept.[96] Figure 6.16 shows the use of different types of self-concepts in advertising.

### Altering the self-concept

Consumers can attempt to alter their self-concept. They can do this by distorting or denying experiences that are not consistent with their self-concept. Research has found,

**FIGURE 6.16**
Different types of self-concepts used in advertising

for example, that when consumers are aware that they have made an unwise choice, they may distort this reality—even into a positive experience.[97] Another means of altering the self-concept is to change the actual self-concept. This is most commonly done thorough exercise, dieting, piercings, tattoos and, in extreme cases, cosmetic surgery such as facelifts and liposuction. The advertising line 'Is it true that blondes have more fun?' used by Clairol in 1955 is an example of a company encouraging consumers to change their actual self-concept. This campaign had an immediate effect for Clairol with the number of women who decided to colour their hair blonde increasing some 413 per cent.

## DOVE CAMPAIGN FOR REAL BEAUTY

Some companies recognise that ideal-social self-concepts that are represented in advertising and magazine covers are not realistic depictions of women. Dove, a brand owned by Unilever, has run a series of advertising campaigns and released a series of research reports highlighting the pressures on women to be beautiful and have body shapes that may be unattainable (see www.dove.us/Social-Mission/campaign-for-real-beauty.aspx). As part of its 'Campaign for Real Beauty', Dove also has a number of resource kits that can be downloaded to help women deal with body image issues. The company also states that, wherever possible, it now uses realistic body shapes in its advertising.

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**FIGURE 6.17**
Dove campaign for
Real Beauty



let's face it, firming the thighs of a size 8 supermodel wouldn't have been much of a challenge.

new Dove
Firming Range

The benefits of the campaign for Dove are that consumers may be more inclined to purchase products that match their actual self-concept. The company has received a great deal of publicity and exposure to this approach through traditional and social media, which is enabling Dove to develop a brand personality of being socially responsible.

## Brand personality

Discuss whether marketers can create brand personality-like traits.

**brand personality**
A set of human characteristics associated with a specific brand: sincerity, excitement, competence, sophistication and ruggedness

So far we have discussed the personality and self-concepts of consumers. In recent times it has been suggested that products and services may be assigned personality-like traits. It is not unusual for consumers to refer to their brands as 'cool' or 'stylish', personality attributes that they could ascribe to themselves or others. Other brands may have projected personalities of 'trustworthy' and 'responsible'. Conversely, disliked brands and companies may be assigned personalities such 'cheap', 'arrogant' and even 'evil'.

A **brand personality** can be defined as a set of human characteristics associated with a specific brand.[98] Researchers have included the following as elements of brand personality: sincerity, excitement, competence, sophistication and ruggedness.[99] Not surprisingly, where implied brand personality characteristics match that of consumers, consumers have been found to be more likely to purchase that brand.[100] Consumers also play greater attention to brand personality when looking to reward socially responsible companies[101] and donating to charity.[102] An example of a company developing its brand personality is shown in Figure 6.18, where Apple has linked the personality of its iPod with that of the user.

In summary, research suggests that people prefer brands with personalities that match their self-image.[103] Non-profit brand personality may influence potential donors' likelihood to contribute. Research has shown that consumers will donate to charities that match their personality traits of integrity, nurturance, sophistication and ruggedness.[104] Other studies have shown strong links between brand personality and affiliation with sports teams and geographical locations;[105] it is almost as though consumers like to 'humanise' their environment.

**FIGURE 6.18**
Consumer brand personality and the Apple iPod

## VIRGINIA HYLAND

When Virginia Hyland was 17 years old she moved to Sydney from country NSW in search of a career. By 22 years of age she was nominated by her employer, Fairfax, for a Queen's Trust Young Australian Award, which she won. By 26 years of age she was the youngest National Advertising Manager at *Woman's Day*. At 29 years of age she had launched her own media agency, HM Communication Group, growing from one employee to twenty-three employees over 10 years. In 2013 she won the B&T Women in Media Award (Media Agency category).

### *How did your career start?*

My career started when Fairfax decided to take a chance on a fresh-faced 17-year-old straight out of school from a small country town. I had no business experience, having just left my town, Gilgai, of 500 people to take the nine-hour train ride to Sydney with $150 in my hand.

My only skill was that I knew how to type. Fairfax placed me in their Herald Classifieds division, where typing was an important skill and gave great training on how to sell to the customer. I had a blank sheet each day and I had to fill out every cold call during the day. The outcome was studied by my supervisor—how many sales I had converted out of all cold calls.

With great training and support from Fairfax my career started to blossom. At 22 years, with their support, I won the Queen's Trust Young Australian Award. This was a great encouragement.

### *What advice would you offer a student studying consumer behaviour?*

The best advice I can give is to get out into geographical areas that you may not have experienced. Build your understanding of how consumers behave by seeing it for yourself. Watch how people consume products and media in the real world. This grounding, as well as studying written work, will give you a great feel that companies will appreciate. It may also give you an edge on consumer understanding, which will lead to job promotion.

*How important are consumer insights to what you do and to your organisation?*

Consumer insight is the key building block when we plan media. Consumers are continually changing how they shop and how they consume media. We need to have a firm understanding and a gut feel to develop the best possible media plans and deliver successful outcomes for our clients.

*What is the hardest decision you've had to make to date?*

The juggle of having two young children and the time I spend with them, versus the time I must dedicate to building the business. I have come to accept that I am not going to be perfect at all parts of my life. I have a very strong team—both on the home and work front. I need to make decisions every week as to how I balance the great loves of my life: business and family needs.

*How important is social media to you?*

Social media is an important part of how people communicate with each other. Brands need to accept that people are talking about them through social media channels. We need to listen to what people are saying, and social media gives us this opportunity in real time. If we can listen to our audience and develop messages that resonate with the audience, it means that it will enhance the brand success—not only today but over the lifetime of the brand.

*What has been your favourite project to work on?*

We love developing bespoke plans that are tailored to the needs of every client—instead of the cookie cutter approach. Our greatest joy comes from fusing media plans with a social media strategy and developing content that constantly changes as we improve how we communicate with our customer.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

This is the most exciting time to study the consumer and develop ideas to talk to our customers. Technology is creating new ways of thinking and that makes our job fun. We are not just doing a stock standard television advertising campaign. We need to be in touch with trends and develop campaigns that truly appeal to our audience. Instagram can deliver a very powerful message one on one versus a mass message created through broadcast media.

This is a dynamic century for people in our industry who relish using their imagination to come up with great ways of harnessing technology. In the past week 10 per cent of the world's photos were created and shared. The more we open our mind the more the opportunities will be endless. The future is what we want to make it and will be enhanced by the opportunities technology provides us.

## SUMMARY

This chapter outlined some important aspects of personality and how an understanding of them can contribute to more effective marketing strategies and communication. Personality influences general behaviour patterns and is an important consideration when planning advertising copy, as certain types of advertising messages appeal to particular personalities. A summary of the main learning objectives of this chapter follows.

1   Define and understand personality.
    Personality can be defined as the unique psychological characteristics of a person and is a consistent way in which a person responds to their environment. Different people with different personalities may react differently to the same event, marketing offer or advertisement. Personality has also been found to be consistent and enduring— it can change, but this is often as the result of maturity or major life events. This means personality is a good means of describing the nature of consumers, and for some areas of marketing, particularly tourism and services, it is a useful means of market segmentation.

2   Understand and apply Freudian, neo-Freudian and trait personality theories.
    The genesis of personality theory began with Freud and the psychoanalysis movement at the beginning of the twentieth century. Freud believed that the personality one exhibits is the result of the conflict of three important forces of the subconscious and conscious: the id, ego and superego. The id, Freud argues, represents the passions and instinctual drives of the subconscious, which must be managed by the ego, which represents a conscious system of self-control and responsibility over the drives of the id. The superego contains restrictions and prohibitions on behaviour placed on people initially by parents and then by significant others. It also contains praise for good behaviour. In terms of marketing and advertising, appeals to the id are commonly made in copy by stressing the desires for pleasure. Advertising appeals to the ego stress one's sense of responsibility of actions, and are commonly used by social marketers. Advertising appeals to the superego stress concern for others, socially acceptable behaviour and conforming to a moral code.

    Karen Horney and other neo-Freudians believed that as a result of childhood development there are three types of personality: compliant, aggressive and detached. This is therefore often called the CAD theory of personality. A compliant personality is based on moving towards people and gaining approval from them. An aggressive personality is based on a mistrust of society, and therefore the only means of mastering the environment is to gain power over it, even by aggressive behaviour. A detached personality is one where people move away from people and society. People with a detached personality neither want to fight nor belong to others.

The trait theory of personality relies on the measurement of personality, rather than the clinical and qualitative insights required by Freudian and Neo-Freudian theories. A trait is considered to be a behavioural attitude of a person, or a collection of responses that form a particular identity. Traits can be subdivided into trait elements that are called factors. In recent times the factors that represent the different traits of persons and consumers have been reduced to five factors, which are often called the 'big five': neuroticism, extroversion, openness to experience, agreeableness and conscientiousness. These traits have been found to influence a range of consumer behaviour.

There are also a number of individual factors that are of particular relevance to consumer behaviour: innovativeness, dogmatism, consumer ethnocentrism, social character, need for uniqueness, susceptibility to interpersonal influence, optimum stimulation level, need for cognition, locus of control, uncertainty orientation, and abnormal consumer personalities such as fixated, compulsive and addictive personalities.

3   Explain how personality reflects consumers' responses to marketing messages.
Consumers will generally respond favourably to advertising messages that reflect their personality and self-concept. This means that advertising needs to be tailored to specific target audiences who exhibit different personality traits. A wide range of personality types and traits was discussed in this chapter and it was shown that many marketers and advertisers understand the importance of how people with a particular personality will respond to their messages and appeals.

4   Understand products and services consumers use as part of their self-image.
The self-concept of the consumer is simply the idea of the representation of identity and how it matches the outside reality of the world. Researchers in consumer behaviour have found that consumers will favour products and brands that are consistent with their self-concept. This is particularly so for symbolic products and services, which imply identity: for example, brands of automobiles, fashion apparel and cologne. The self-concept can be further explained as consisting of both the actual self (the way we see ourselves) and ideal self (what we hope to become). It has been found that for publicly consumed products and services, particularly luxuries, consumers will be more likely to purchase brands closer to their ideal-social self-concept.

5   Discuss whether marketers can create brand personality-like traits.
A brand personality can be defined as a set of human characteristics associated with a specific brand. Researchers have included the following as elements of brand personality: sincerity, excitement, competence, sophistication and ruggedness. Where inferred brand personality characteristics match that of consumers, consumers have been found to be more likely to purchase that brand. Consumers also play greater attention to brand personality when looking to reward socially responsible companies and donating to charity. Some examples of companies with a brand personality include Dove and Apple.

## KEY TERMS

aggressive personality

addictive personality

big five theory of personality

brand personality

compliant personality

compulsive buying

consumer ethnocentrism

consumer self-concept

detached personality

dogmatism

ego

ethnocentrism

fixated consumers

id

innovativeness

locus of control (LOC)

need for cognition (NFC)

need for uniqueness (NFU)

optimum stimulation level (OSL)

personality

social character

superego

susceptibility to interpersonal influence (SII)

trait theory

uncertainty orientation

## END-OF-CHAPTER QUESTIONS

1 Read the opening vignette of this chapter. Does personality theory suggest that we cannot save people from themselves when it comes to problem gambling?

2 What are the differences and similarities of the following personality theories?

  a   Freudian theory

  b   neo-Freudian theory

  c   trait theory

3 Describe the type of advertising appeal that would be most suitable for each of the following personality traits:

  a   high dogmatism

  b   high need for uniqueness

  c   high need for cognition

  d   low optimum stimulation level

  e   outer-directed consumers.

4 Discuss how a marketer should consider a consumer self-concept when marketing cosmetics.

5 The road transport authority of a particular state or country wants to reduce the road toll. What kind of advertising appeals would be most effective that consider consumer personality?

6 What kind of personality types do luxury products appeal to?

7 How is information search affected by personality?

8 How does personality affect the use of services and compliant behaviour?

9 What is the most effective for marketers to consider: marketing to the actual self-concept, ideal self-concept or ideal-social self-concept?

10 Why do marketers seek to create brand personalities? When is this effective?

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Dove Campaign for Real Beauty—
www.dove.us/social-mission/campaign-for-real-beauty.aspx

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## Nutrition Facts

Serving Size 4 Cookies (30g)
Servings Per Container About 5

**Amount Per Serving**

| | |
|---|---|
| **Calories** 160 Calories from Fat 70 | |
| | **% Daily Value\*** |
| **Total Fat** 8g | **12%** |
| Saturated Fat 3.5g | **18%** |
| Trans Fat 0g | **0%** |
| **Cholesterol** 0mg | **3%** |
| **Sodium** 65mg | **6%** |
| **Total Carbohydrate** 19g | **2%** |
| Dietary Fiber less than 1g | |
| Sugars 9g | |
| **Protein** 2g | |

| | | | |
|---|---|---|---|
| Vitamin A 0% | • | Vitamin C 0% | |
| Calcium 0% | • | Iron 2% | |

\*Percent Daily Values are based on a 2,000
calorie diet. Your daily values may be higher
or lower depending on your calorie needs:

| | Calories | 2,000 | 2,500 |
|---|---|---|---|
| Total Fat | Less than | 65g | 80g |
| Sat Fat | Less than | 20g | 25g |
| Cholesterol | Less than | 300mg | 300mg |
| Sodium | Less than | 2,400mg | 2,400mg |
| Total Carbohydrate | | 300g | 375g |
| Dietary Fiber | | 25g | 30g |

**INGREDIENTS:** ENRICHED FLOUR (WHEAT FLOUR
NIACIN, REDUCED IRON, THIAMIN MONONITRATE
(VITAMIN B1) RIBOFLAVIN (VITAMIN B2) FOLIC
ACID), SOYBEAN AND PALM OIL, DULCE DE LECHE
FLAVORED DROPS (SUGAR, PALM KERNEL AND
PALM OIL, ANHYDROUS DEXTROSE, NONFAT DRY
MILK SOLIDS, REDUCED MINERAL WHEY POWDER,
COCOA BUTTER, YELLOW #5 LAKE, YELLOW #6
LAKE, BLUE #2 LAKE, SOY LECITHIN, NATURAL AND
ARTIFICIAL FLAVOR, SALT), SUGAR, BROWN SUGAR
CONTAINS TWO PERCENT OR LESS OF HIGH

# CONSUMER PERCEPTION

Steven D'Alessandro

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1. understand the sensory dynamics of perception
2. debate the effectiveness and ethics of subliminal perception
3. understand the elements of perception and information processing of consumers
4. apply the understanding of perception to marketing strategies.

## WHERE DOES OUR FOOD COME FROM AND HOW DO WE KNOW IT'S GOOD FOR US?

There is confusion among Australian consumers regarding the source of foods in supermarkets. This is particularly so if consumers are trying to find out the country of origin of food.

Around 35 per cent of processed fruit and 28 per cent of processed vegetables are imported. Research commissioned by the Australian Made campaign revealed buying Australian-made and grown products matters more to consumers now than it did a year ago. Supermarket private-label products are also accountable noting their growing market share. The private-label market share of canned fruit rose from 20 per cent in 2002 to 34 per cent in 2010. The commitments made by Coles and Woolworths to source locally reflect the changing consumer preferences, but is it enough? Branded groceries, which account for 70 per cent of the market, will only be motivated by clear country-of-origin labelling. NSW farmers will continue to work with government to seek clearer labelling so the consumer can make informed decisions that support our growers.[1]

Another concern for governments in both Australia and New Zealand is the nutritional labelling of processed foods: 'Reading tiny, confusing labels on the back of packets is hard work,' says Green Party of Aotearoa New Zealand food spokesperson Mojo Mathers.[2] The Greens argue that to impact on consumer decisions, front-of-pack labelling needs to be used widely. Clarity is also important. The Greens have preferred the traffic light approach to labelling because it has been proven effective and acceptable with consumers around the world and in New Zealand, as opposed to star systems, which have not.[3]

## INTRODUCTION

This chapter deals with the important area of consumer perception or information processing. As can be seen from the opening vignette, the issue is not how much information is presented, but whether consumers notice this information and can understand it or encode it in a meaningful way. This area of consumer behaviour is often controversial as, on the one hand, government regulators and interest groups want more simplified information for consumers, while, on the other, commercial interests argue that greater labelling requirements increase costs for consumers without necessarily leading to better choices. As will be seen in this chapter, both sides of this debate are partially right when it comes to their understanding of consumer perception.

## WHAT IS PERCEPTION?

Consumer **perception** can be defined as the way in which information is acquired from the environment via the sense organs and is then transformed into experiences such as events, sounds and tastes.[4] Another way of understanding perception is as: 'The process by which

an individual selects, organises, and interprets stimuli into a meaningful and coherent picture of the world.'[5]

Our perception is an approximation of reality. Our brain attempts to make sense of the stimuli to which we are exposed. This works well, for example, when we 'see' a friend 100 metres away at his or her correct height; however, our perception is sometimes 'off'. We may mistake a similar person at a distance as a close friend, or we may make a purchase of breakfast cereal quickly and end up buying the wrong brand, because the packaging looked similar. The challenge, then, for marketers is to gain consumer attention, and have information understood correctly and remembered by consumers so that their messages have impact on the decision-making process. As perception is an approximation of reality, this is not a simple task. Consumers are also faced these days with an abundance of information and competing demands for their attention. Simply repeating a message or providing more information is not enough, without an understanding of the process of consumer perception.

The process of consumer perception is outlined in Figure 7.1. The process of perception is highly individual and begins with the presence of physical stimuli (advertisements, messages, brands, product information and slogans, as well as other experiences), followed by exposure (when a stimulus comes in range of an individual's sensory receptors) and attention (the extent to which processing activity is devoted to stimulus). At this stage a sensation has been received, but not translated into information bits or understood. The next stages of the process involve perceptual encoding and integration, which ultimately rests inside our memory. Consumer characteristics such as motives, previous beliefs and involvement influence the overall nature of consumer perception, which explains why people see what they want to see. Perception is also based on goals (motives). Situational characteristics such as consumer mood, retail environments, time of day, special events and unexpected events also influence the nature of consumer perception.

**perception**
The way in which information is acquired from the environment via the sense organs, which is then transformed into experiences such as events, sounds and tastes
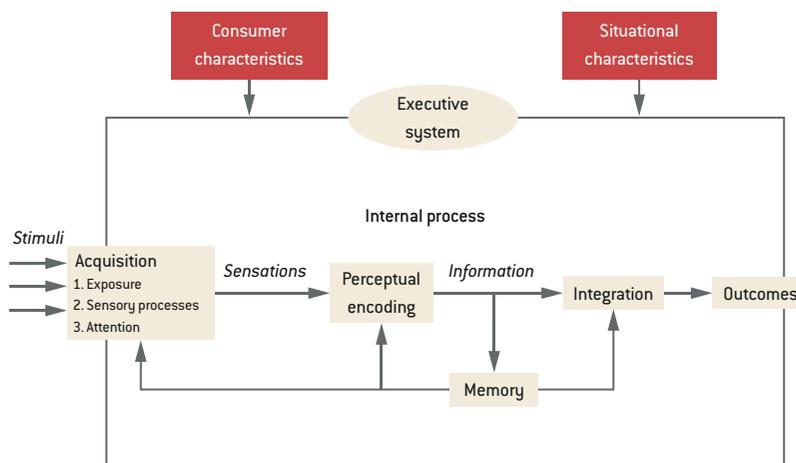


**FIGURE 7.1**
The process of consumer perception

## ACQUISITION

Understand the sensory dynamics of perception.

The process of perception starts first with the acquisition of sensation; in effect gaining the consumer's attention to process sensations into encoded information. Factors of acquisition include:

- exposure
- sensory processes
- attention.

### Exposure

**exposure**

The first stage of perception where consumers are exposed to a message

The first stage of the process of perception is to have consumers exposed to a message. This is not easy, as consumers have competing demands for their attention; there is a fragmentation of media channels, making mass **exposure** more problematic; and consumers select which messages and sensations they wish to be exposed to. For example, consumers may turn the volume off or down during advertisements on television and radio, or prerecord television shows and fast forward (zip) through advertisements. Consumers may also flick past pages of print media with advertisements, simply delete emails and SMSs, or throw direct mail advertising into the bin. Marketers therefore must consider novel and cost-effective means just to have the opportunity to get consumers exposed to their messages. The time to provide exposure of messages is when consumers are motivated or goal directed, as they are actively seeking information. An example of this happens every year at Christmas time, when consumers spend more of their disposable income than at other times of the year, and are looking for information to assist their purchase decisions.

Other factors known to contribute to the amount of deliberate or external search by consumers (which varies considerably across individuals and different purchase situations) include market conditions, situational factors, buying strategies and individual factors. These are discussed in greater detail in Chapter 10.

Novel and cost-effective ways in which marketers can increase the likelihood of consumer exposure include outdoor advertising and placing advertisements in unexpected contexts, such as product placements in films or branded content in computer and online games. Health advertising in public toilets in Australia is one such way in which a greater exposure of messages can be provided at an affordable cost to government. This strategy is shown in Figure 7.2, which is an advertisement by the Australian Government to provide information to consumers about prostate cancer; and Figure 7.3, which uses bus-stop outdoor advertising to promote the use of sunscreens to reduce the risk of skin cancer.

### Sensory processes

**sensation**

The immediate response of our sensory receptors to basic stimuli such as light, colour, sound, odours and texture

**Sensation** is the immediate response of our sensory receptors to basic stimuli such as light, colour, sound, odours and texture. Sensation depends on an energy change. So our sensory receptors are our eyes, ears, nose, mouth and skin. Our sensitivity to stimuli will vary with

**FIGURE 7.2**
Toilet advertising
for prostate cancer
prevention



**FIGURE 7.3**
Outdoor advertising of
sunscreen

**sensory threshold**
The level of sensation that is detectable or noticeable

the quality of our sensory receptors and the amount or intensity to which we are exposed. Human beings' senses vary in their ability to detect sensations. A wine expert, for example, is much better able to detect the qualities of superior wine than, say, a novice consumer, though both can be influenced by product labelling of brand and country of origin.[6] Table 7.1 shows the approximate **sensory thresholds** for four senses, as determined from psychological research.[7]

**TABLE 7.1**
Approximate sensory thresholds

| SENSE | ABSOLUTE THRESHOLD |
|---|---|
| Vision | A candle flame 48 kilometres away on a clear, dark night |
| Hearing | A clock's tick about 6 metres away |
| Smell | A single drop of perfume diffused through an area equivalent to the volume of six rooms |
| Taste | A teaspoon of sugar dissolved into 7.6 litres of water |

As can be seen, our vision, taste and smell are quite sensitive to changes of stimuli in the environment, while our sense of hearing is less so. Our senses have developed to also be sensitive to particular ranges. Human hearing is most sensitive to the range of tones for the human voice, but not for extremely high or low tones.[8] An understanding of sensory thresholds is important in consumer behaviour, as whether the product, feels, looks, smells, tastes or sounds right to the particular target segment is really the basis for consumer enjoyment.[9] Research suggests, for example, that experiencing pleasant aromas influenced consumers' future repeat purchase behaviour for restaurants[10] and cruise ships.[11] There is also recent research that suggests the experienced order and similarity of sensory products (such as fragrances, chocolates, flavoured beverages and music) influence consumer choice, with the first sensory product preferred first. Conversely, when sampling or trying a sequence of products with dissimilar sensory cues, consumers prefer the last product.[12]

## Attention

**attention**
How much information we can process at one time

Our **attention**—that is, how much information we can process at any one time—is limited. Recent research, in considering the number of unstructured competing stimuli, suggests that this is limited to 60 bits per second, which is much slower than most old computers and smartphones.[13] Therefore, our human perception system works by rapidly moving its attention to what is new and novel in the environment. Retailing research suggests that, when shopping, consumers only notice one or two key features among competing brands, and that they are more likely to do so only if either of these brands is placed at the end-of-aisle displays.[14] Our attention also shifts rapidly in an online environment. Research by search giant Google, reported in the *New York Times,* suggests that on average consumers will wait less than 250 milliseconds (a millisecond is a thousand of a second),

or less than a blink of an eye, for a webpage to load; and will switch to a competitor website at this moment. This is a major decrease in expected time for webpage to load, which in 2009 was four seconds.[15] These findings suggest that the consumer's attention span is limited, sensitive and changes rapidly, but only for a few pieces of information at any one time.

There is also the issue of adaptation. Prolonged exposure to a stimulus may result in people not noticing the stimulus. Our attention to stimulus and messages is also influenced by perceptual vigilance and defence. Perceptual **vigilance** and **defence** occur because consumers are more likely to be sensitive to stimuli that are capable of satisfying their motives (called vigilance). Defence occurs when individuals increase their awareness of threatening stimuli.

Motivation, which is discussed in Chapter 5, guides our attention and therefore perceptual process. If consumers are motivated they will actively search for information and are likely to pay greater attention to marketing messages. European consumers, for example, who were motivated to be concerned about the environment, were found in recent research to be more aware of sustainable products and practices in retail stores.[16] Perception is also influenced by prior beliefs and attitudes. Research from Europe found that a positive view of organic food products was driven very much by negative attitudes towards the use of pesticides in conventional foods.[17] Likewise, smokers who are likely to notice point of purchase displays are less likely to quit smoking.[18] This means that retail signs may well trigger them to continue purchasing rather changing their behaviour. This explains in part why the Australian government recently introduced plain packaging laws with graphic health warnings in an effort to alter smoker's perceptions of brands of tobacco.

## The absolute threshold

One way in which marketers can gain consumer attention may be simply to amplify the resonance of their message. This may involve increasing the volume of a commercial; for example, making a print advertisement or a billboard bigger. Unfortunately, the effectiveness of such an approach is limited by the **absolute threshold**, which is the amount of a stimulus that is noticeable. Research suggests that this is an exponential power law, up to a point of inflection, whereby any subsequent change is just not apparent to the consumer (called **Steven's power law**).[19] This suggests that a 'more is better' strategy in communication is just not cost effective in gaining consumer's attention. Importantly, marketers should focus on that difference which is apparent to consumers, rather than merely 'pumping up' the volume on their advertising.

## Just noticeable difference

While the absolute threshold is useful in understanding how sensitive consumers are to faint and loud stimuli, it does not help inform us as to what differences in sensations are noticeable to us. Consumers can tell if a couch is red, but they are likely to want to know if the couch is redder than the drapes they are considering. Similarly, parents can distinguish

**vigilance**
Being sensitive to stimuli or information that satisfy motives

**defence**
Increased awareness as the result of threatening stimuli

**absolute threshold**
How sensitive consumers are to faint and loud stimuli

**Steven's power law**
An exponential power law of attention whereby up to a point of inflection, any subsequent changes in stimuli are not apparent to the consumer

the cry of their own infant from the cries of other children. The parents may also be able to tell from the cries of their child whether he or she is hungry, thirsty or just tired. Human perception, therefore, seems to be more attuned in detecting changes in stimulation.[20]

One way of understanding this process is through the theory of **just noticeable difference (JND)**. JND can be defined as the amount of a stimulus needed for a consumer to tell a difference; however, this is not absolute and will vary according to the particular stimulus and the consumer concerned.[21] The process of JND is important to marketers as it allows them to work out what level of changes or improvements to products or services are likely to be noticed by consumers. It would not be worthwhile, for example, to make product improvements much greater than the level of JND, as at the level of JND should be sufficient. Likewise, marketers can consider using the JND to reduce package sizes slightly or to use cheaper ingredients, so that price rises are not noticeable to consumers. These changes in stimulus must take into consideration the sense involved; for example, most humans have a poorer sense of smell than sight or hearing, and so the choice of sense will affect the ability of consumers to detect the change and the nature of the stimulus involved. In 1996, McDonald's found it had to increase the size of its hamburger patty some 25 per cent for it be noticed as 'more' by consumers.[22] At the other end of the scale, PepsiCo used a practice called 'package pricing' to improve the profitability of its snack foods, whereby it reduced the package weight from 412 grams to 383 grams without changing its prices.[23] Table 7.2 shows some recent changes in confectionary packaging using the JND.

**TABLE 7.2**
Changes in package sizes and the just noticeable difference

| | BEFORE | AFTER | REDUCTION |
|---|---|---|---|
| Cadbury Dairy Milk | 140g | 120g | 2 chunks |
| Toblerone | 200g | 170g | 1 triangle |
| Mars | 62.5g | 58g | 7.2% smaller |
| Snickers | 62.5g | 58g | 7.2% smaller |
| Maltesers | 140g | 120g | 9 fewer |
| Rolo | 11 Rolos | 10 Rolos | 1 Rolo |

## Weber's law

A reason that marketers of fast-moving consumer goods (FMCG) and takeaway foods can make small changes that are not apparent to consumers (as in the case of PepsiCo), but need to make large changes for consumer to notice improvements (such as McDonald's) is Weber's law. **Weber's law** states 'that the change in a stimulus that will be just noticeable is a constant ratio of the original stimulus'.[24] This is usually defined as:

$$\frac{\Delta I}{I} = k$$

where *I* is the original intensity of stimulation, Δ*I* is the addition to it required for the difference to be perceived (the JND), and *k* is a constant. Thus, for *k* to remain constant, Δ*I* must rise as *I* increases. Simply put, this means for small objects, large changes need to be made in order to be noticeable, which is why McDonald's needed to make a large change to the size of its hamburger patties for them to be noticeable. Conversely, for larger objects—say, a laptop computer—a small change, such as slight reduction in weight, is more noticeable. This means that FMCG companies can make slight reductions in packaging sizes without them being noticed; unlike airline companies, where a slight reduction in aisle space is likely to be more noticeable for consumers, simply because the stimulus, in this case an airline seat, is bigger. Figure 7.4 shows that in advertising for a cigar bar it is important to show large differences, as cigars can be considered a small stimulus. By contrast, for US low-cost airline carrier, jetBlue, only a small change in stimulus for a large object is likely to be noticed by consumers—in this case, more legroom between airline seats.



**FIGURE 7.4**
The use of Weber's Law in advertising

### How to gain attention

An important issue for marketers and communicators is how to gain attention of consumers. Without the attention of consumers, there is no possibility of communication. It is also important to remember that most consumers' acquisition of information is involuntary, and that they often receive a number of competing messages and demands on their attention at any one time. Strategies to stand out amid competing messages include the use of colour, humour, size and position, and novelty and contrast.

### Colour

Colour tends to gain attention more than monochrome and different colours have different attention values. Warmer colours such as red and orange advance towards us making the message seem larger, while cooler colours have the opposite effect.[25] Recent research suggests that there is a colour preference for white over black, and that this is true for both Caucasian and non-white consumers.[26] Making low-fat cheese a darker colour has been shown to increase consumer taste perceptions and preferences.[27] The use of primary colours has been shown to reduce search times, even in cluttered environments. Secondary colours were found to have longer search durations, with peach being the worst, followed by beige.[28] It has also been found that primary colours are attractive to children, especially yellow for young children.[29] The use of plain olive colouring along with graphic health warnings in Australia's plain packaging tobacco laws are aimed also at making cigarette packages less attractive to children.[30] Recently, as part of a $6 million brand repositioning, Telstra developed a new set of logos based on primary colours (see Figure 7.5). The company hopes that the use of primary colours will make different parts of its business (for example, mobile and broadband) more distinctive to the consumer, as well as refreshing the overall corporate brand.



**FIGURE 7.5**
Use of colour in brand repositioning

## PLAIN PACKAGING OF TOBACCO PRODUCTS IN AUSTRALIA

About 15,000 Australians die from tobacco-related diseases annually, with social and economic costs of about $32 billion a year.[31] In 2012, the Australian Government began a campaign to reduce smoking rates from around 15 per cent to 10 per cent by 2018. Apart from a significant price rise of 25 per cent, the main policy introduced was the introduction of mandatory plain packaging with graphic health warnings (see Figure 7.6). Under current legislation, the graphic images and health warnings must cover 75 per cent of the front of the cigarette packs; further warnings must appear on the sides and cover 90 per cent of the back. Any brand names are to be printed in a uniform font on a background legally mandated as 'drab dark brown' or 'olive green'. The aim of the packaging laws is to make the uptake of smoking so unattractive that young consumers, and especially children, will not be interested in trying smoking. Recent research also suggests that type of packaging may be a trigger to encourage smokers to quit the habit.[32]

Will these measures reduce the level of smoking in Australia? The overall rate of smoking in Australia has not been measured since the changes in government policy; however, research published in the *Medical Journal of Australia* showed that there was a 75 per cent increase in calls to various 'quit lines' four weeks after the introduction of plain packaging.[33]

CONSUMER BEHAVIOUR IN ACTION
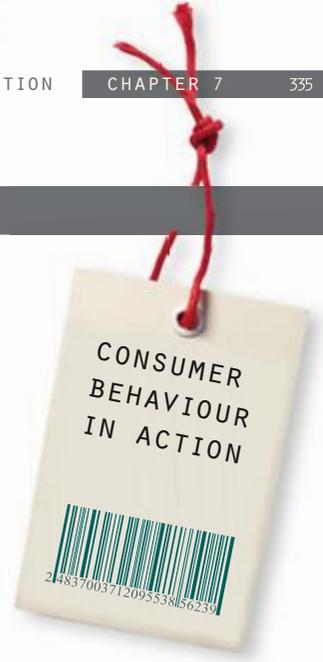


**FIGURE 7.6**
Plain packaging of cigarettes in Australia

### Humour

Humour is seen as one of the most effective means of gaining consumer attention and helps to improve brand recognition. Around a quarter (24 per cent) of all advertising uses humour.[34] The use of humour has been found to occur especially in media of television

and radio, with a prevalence two to three times greater than in print media.[35] It has been suggested that humour is most effective for product categories such as snack foods, beer, chewing gum, sweets, soft drinks, toilet bowl cleaners and laundry detergents. It is not seen as an effective mechanism for gaining attention for high-risk items like luxury cars, motorcycles, jewellery and insurance.[36] One of the problems in the use of humour in advertising is that it distracts perception away from the central message. This is because humour works in eliciting an emotional response from the advertisement, but not in communicating brand benefits[37]. Figure 7.7 shows the use of a humorous appeal for Bonds male underwear. The caption, 'He has not been held properly in years', is a double entendre, connecting the use of poor or dodgy underpants in the past with a lack of intimacy or sexual success. The copy is also effective as the humour's appeal is consistent with the targeted purchaser of the product: the female or male partner of the user.

### Size and position

The size of a message has been shown to increase attention, but at a much lower and decreasing rate. This is because of Steven's power law, as discussed previously. A suggestion is that attention increases as the square root of the message size increases.[38] In print media the use of advertising on the back and front covers of a magazine is more effective since readers need not open the magazine to read the advertisements. In retail stores, being the first brand to be viewed by being placed at the end of an aisle display



**FIGURE 7.7**
Use of a humorous appeal in advertising

has been found to increase its attention and reduce the incentive for further consumer search.[39]

### Novelty and contrast

Contrast, such as through the use of lighter and dark colours or by using small and large figures, is an effective means of gaining consumer attention.[40] However, the context must be carefully considered. In online banner advertising, for example, having the similar font and colours to the text of a webpage was found to increase attention and lead to more positive attitudes about the brand being advertised.[41] Novelty is the use of unexpected or new stimuli and is sometimes known as 'message discrepancy'. Research suggests that as familiarity with a message or situation grows, the effect of incongruity or novelty increases.[42] Figure 7.8 shows the use of size, position, novelty and contrast to gain attention for a common situation, that of visiting a zoo or aquarium.



**FIGURE 7.8**
Use of size, position, contrast and novelty to gain consumer attention

### Subliminal perception: the underbelly of attention

**Subliminal perception** refers to presenting a stimulus below the level of conscious awareness in an attempt to influence behaviour and feelings. Subliminal advertising involves infiltrating the subconscious with surreptitious visual or whispered messages. The idea is to bypass filters of perceptual vigilance and defence. Does it work? There is little evidence that subliminal stimuli can bring about desired behavioural changes. Some evidence does exist that subliminal stimuli may influence affective or emotional reactions. Consumers in one research study, for example, were found to have stronger responses to advertisements with sexual subliminal implants than those without them.[43] Figure 7.9 shows a parody of subliminal advertising.

**subliminal perception**
Presenting a stimulus below the level of conscious awareness in an attempt to influence behaviour and feelings

Debate the effectiveness and ethics of subliminal perception.

FIGURE 7.9
Parody of subliminal advertising by Mini



## PERCEPTUAL ENCODING

**perceptual encoding**
The process of assigning mental symbols (words, phrases, numbers etc.) to sensations to derive meaning from or remember stimuli

The next stage of perception after acquisition is **perceptual encoding**. Perceptual encoding is the process of assigning mental symbols (words, phrases, numbers etc.) to sensations to derive meaning from or remember stimuli. This process is highly individualistic and automatic and starts with basic pattern recognition. A good example is shown in Figure  7.10.

FIGURE 7.10
What do you see in this picture?
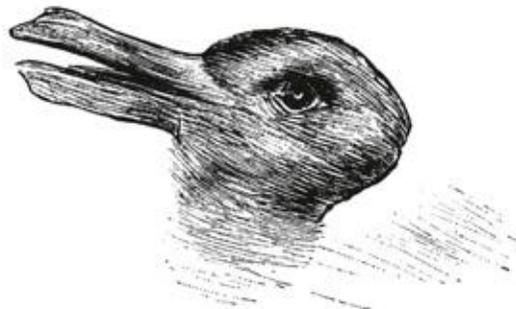


You may see two different images in this picture. Or your colleagues or relatives may see different images. This is because your cognitive thoughts, emotions and motives drive the way you view or respond to a stimulus or image. Importantly, two people may look at this same picture and see quite different images.

Marketers should understand the process of perceptual encoding because messages that are easily encoded are likely to be remembered and understood, as the process of encoding triggers cognitive process of learning and memory. The process of encoding consists of two distinct stages:

- feature stage—where the consumer identifies main stimulus features and assesses how they are organised.
- synthesis stage—where organised stimulus elements are combined with other information available in memory to develop an interpretation of the stimulus.

Much of feature analysis involves mentally arranging sensations into a coherent pattern, which is often called a gestalt. Principles of perceptual encoding include:

- proximity
- similarity
- closure
- figure and ground.

## Proximity

One of the first principles of encoding is **proximity**, through which stimuli that are placed near each other tend to be associated with each other.[44] The Hard Rock Cafe in Malaysia shows that it is marketing to gay as well as straight communities by displaying combinations of gender signs in one advertisement (see Figure 7.11). Retailers can also use the principle of proximity by stocking similar items in the same location; for example, Indian naan bread with curry sauces.

**proximity**
Stimuli that are placed near each other tend to be associated with each other
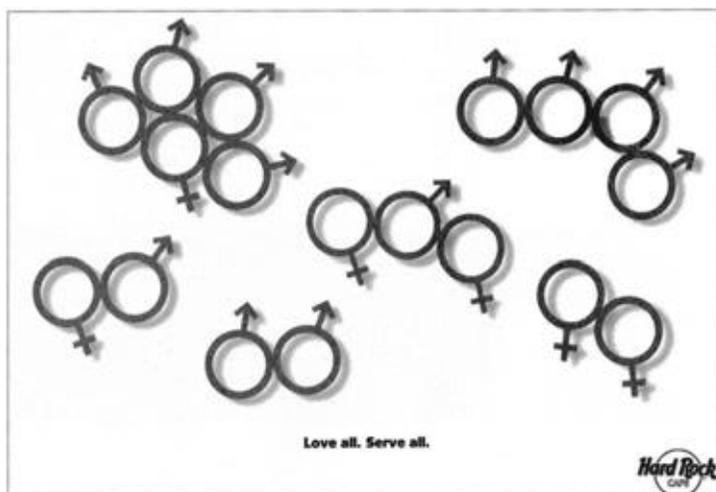


**FIGURE 7.11**
The use of proximity in advertising

## Similarity

**similarity**

A form of encoding whereby consumers group together objects that are physically similar in some way

The principle of **similarity** is that consumers generally group together objects that are physically similar in some way.[45] This often occurs by the grouping of stimuli by colours or shapes. The use of similarity is illustrated in a Singaporean AIDS advertisement (see Figure 7.12).

**FIGURE 7.12**
The use of similarity in advertising



## Closure

**closure**

A tendency to perceive whole basic geometrical figures, even when presented with incomplete figures

**Closure** is the simple principle that people tend to perceive whole basic geometrical figures, even when presented with incomplete figures. In the case of the Absolut commercial shown in Figure 7.13, a consumer does not need to see the complete figure of the brand in order to encode as a vodka bottle. This is because the viewer completes the missing information and forms the outline of the shape of bottle from the shape of the boats in Bangkok. Closure is
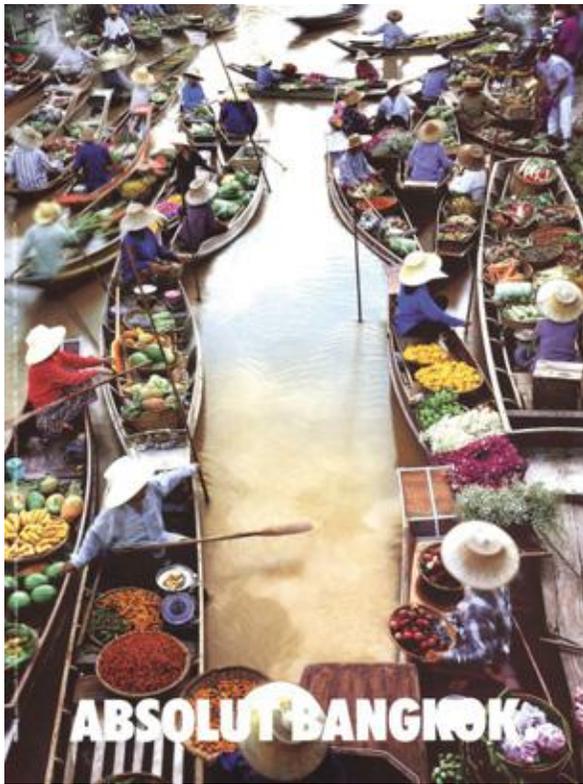
an important principle of encoding that suggests that sometimes it is best not to provide all the information to the viewer in order to encourage perceptual processing.

## Figure and ground

**Figure and ground** is a type of basic encoding where the main or salient stimulus is sorted from the background information. Marketing messages that provide information in a clear figure–ground context are likely to be encoded quickly, leading to better understanding and the retention of the message. In Figure 7.14, the shape of the chicken emerges from the background as an important figure in the message.



**FIGURE 7.14**
The use of figure and ground in advertising

**figure and ground**
Basic encoding where the main or salient stimulus is sorted from the background information

Understand the elements of perception and information processing of consumers.

**perceptual integration**
The last stage of the perceptual process of moving from a basic encoding of a stimulus to integrating with what we know from memory and learning

**heuristic**
A 'rule-of-thumb' strategy used to shorten decision-making time and reduce cognitive load; results of heuristic evaluations may not be optimal, but they usually are acceptable

**consumer expectations**
What is expected to happen as the result of encountering a stimulus

**cues**
Small bits of information used to infer other properties of a stimulus; common cues in consumer behaviour include price, brand name, country of origin and packaging

# PERCEPTUAL INTEGRATION AND UNDERSTANDING

**Perceptual integration** is the last stage of the perceptual process of moving from a basic encoding of a stimulus to integrating it with what we know from memory and learning (see Chapter 8 for a detailed discussion of learning and memory). This process is also related to attitude formation, as our beliefs as well as our learned experiences shape both our expectations and how we encode stimuli into meaningful interpretations. As part of the process of learning, human beings have developed a number of short-cuts and rules of thumb—more technically termed '**heuristics**'—that help us to rapidly decode stimuli into meaningful inferences, such as expectations and cues. However, these cues can be affected by distorting influences.

## Expectations and cues

**Consumer expectations** of what will happen as the result of encountering a stimulus are important, especially for services. Expectations can be a minimum standard or what consumers would expect as excellent.[46] **Cues** are small bits of information used to infer other properties of a stimulus. Common cues in consumer behaviour include price, brand name, country of origin and packaging, but they can also include other sensory cues (as discussed earlier in this chapter). One of the prominent cues in marketing is price, which is often used in the absence of other information to infer greater quality.[47] Others include security guarantees and stated privacy policies being used to assess risk in online purchases.[48]

Consumers have also been found to use cues in a consistent format, whereby good brand names with higher prices that are sold in exclusive retail outlets are perceived as having higher quality.[49] Note that brand name, price, country of origin, packaging and store type are *extrinsic* cues; that is, they are first cues to be encountered by the consumer and they are not part of the basic function and quality of the product. *Intrinsic* cues, such as actual or physical quality and function, are usually encountered later by the consumers when, if possible, they examine, trial or use the product or service. Usually the use of intrinsic cues by consumers to judge quality and performance is determined by their knowledge and expertise.[50] However, more knowledgeable and expert consumers are influenced by both extrinsic and intrinsic cues in forming their perceptions.[51]

## Distorting influences

The use of cues and consumer heuristics suggests that consumer understanding of information appears to be a cognitive and reasonably logical process; however, this is not the case as there are a number of distorting influences that affect the way meaning is inferred from stimuli and experiences. These include:

- the halo effect
- stereotypes (summary constructs)

- irrelevant cues
- first impressions and jumping to conclusions.

## Halo effect

The **halo effect** refers to a cognitive bias whereby the perception of a particular trait, or cue, is influenced by the perception of the former traits within a sequence of interpretations. Attractive and thinner people, for example, are often judged as having a more desirable personality and more skills than someone of average appearance.[52] Not surprisingly, brands associated with thinner and therefore more attractive people, especially women, are rated highly by consumers.[53]

With the country of origin cues, the use of halo is used to imply beliefs about attributes that make up the attitude towards a product or service; that is, consumer evaluations of products and services are based on their perception of the country (for example, 'I know that overall the Japanese make good-quality products. This is a camera from Japan, therefore it must be good quality').[54] The successful use of a halo is more likely to occur when a consumer lacks experience with the product or service, and/or knowledge about the product class.[55] It is important, therefore, for marketers to understand when consumers are likely to make evaluations based on a halo, and that different segments of the market—for example, novices versus experts—will differ in their use of cues as a halo. For example, experts in wine and computers are less likely to use cues such as brand and country of origin as a halo, as they will rely on more detailed information.[56] Figure 7.15 shows the use of a halo for gifts made in the USA. Where these products are made has been highlighted because products made in the USA are believed to be of generally higher quality by consumers than those from other countries.

**halo effect**
A cognitive bias whereby the perception of a particular trait, or cue, is influenced by the perception of the former traits in a sequence of interpretation; also a situation where positive impression of a brand rubs off onto other activities of the brand



**FIGURE 7.15**
The use of a halo in advertising

## Stereotypes (summary constructs)

**Stereotypes**, or summary constructs, are used by consumers as a means of classifying, which helps to simplify judgements when information is lacking or when there is an overload of information. Typically, summary constructs are formed around brands and country of origin information. They can also be formed around racial groups, ethnicity and people of certain age groups. Usually summary constructs are based on some experience and knowledge, however imperfect, about the stimuli.

A summary construct or stereotype can be likened to a chunk of information used as a means of abstracting previous beliefs about attributes of products to infer product attitude (for example, 'I know from experience that the Japanese make poor-quality wine. This is a wine from Japan, therefore I would expect it to be of poor quality'). Importantly, consumers may form a stereotype based on either an overload of information or limited information (and/or limited experience). Once formed, these summary constructs or stereotypes usually form part of a consumer's belief structure and are therefore difficult to change. Figure 7.16 shows the use of stereotype or summary construct: that German manufactured products, like Volkswagen cars, are all well engineered.

**FIGURE 7.16**
The use of summary
construct in
advertising



## Irrelevant cues

Consumers are rarely forensic gatherers of information and data, and can be easily distracted by cues that are not relevant to their understanding or interpretation. In a laboratory experiment, consumers were found to abandon waiting for downloads or call centre on-hold calls if they were offered more distracting content.[57] Research also suggests that when offered cheaper models with fewer features, consumers were found to see such practices as unfair, rather than a means to save them money.[58] Other research suggests that consumers view products and services provided with 'pointless effort'—that is, cheap

advertising, bad webpage design or even poor product design—as providing greater value to them, because these products and services appear to be cheap.[59]

### First impressions and jumping to conclusions

In an effort to gain consumer attention and cut-through, it is not unusual for marketers to use humour, novelty, shock or sexual appeals. The danger with these approaches is that first impressions from such advertisements may be quickly encoded into messages that are different from the marketer's intent. Also significant for the marketer are extrinsic cues and sensory stimuli that are experienced before any consumer transaction or search takes place. For example, a consumer may not wish to visit a restaurant simply because of a bad smell or general uncleanliness. Likewise, consumers may be drawn more towards favourable sensations before the product or service is inspected, simply because these cues also denote sophistication and quality.[60] Figure 7.17, shows what can happen when advertisers attempt to use sexy images to gain attention. This advertisement has been criticised by women's lobby group, Collective Shout, which is ironic given that the target market for the low-carb snack bar is women. As Collective Shout notes on its website:

> This ad reinforces a narrow standard of beauty and objectifies women. The message is that it is a woman's duty to look a certain way for the benefit of others. It may as well say 'Keep Australia Beautiful by looking hot in a bikini'.[61]



**FIGURE 7.17**
The use of irrelevant cues, leading to first impressions and jumping to conclusions in advertising

## MARKETING APPLICATIONS OF PERCEPTION

It is clear that an understanding of the process of perception is important for marketers and communicators. As has been discussed, consumer perception is reality, even though it may not reflect the objective facts or the intention of the advertising and/or communication. For marketing, in particular, there are a number of applications of the theories of perception that need to be considered. These include:

- brand positioning
- packaging
- perceived price and value

*Apply the understanding of perception to marketing strategies.*

- physical quality differences versus extrinsic cues
- price–quality relationship
- store image and the servicescape

## Brand positioning

In terms of brand positioning, it is important to note that consumers may categorise brands first on the basis of some simple gestalt—for example, similarity—which then leads them to further classify brands as being associated with key attributes or outcomes. This in part explains the use of perceptual mapping, or multidimensional scaling (MDS), to determine how consumers position brands. An example of perceptual map is shown in Figure 7.18, which was generated from data that simply asked respondents how similar each brand was to each other. The axes of the graph were then extrapolated from the positions of the brands. As can be seen, cola brands are not only positioned on the product attribute of sugar content, but also on how traditional or modern they are. This shows there is also an important role for advertising and packaging in repositioning brands or introducing new brands on the basis of 'newness'. Brands positioned close to each other are seen by the consumer as close substitutes for each other.

Brands can also be positioned on the basis of halo or summary construct effects. In learning theory this is called stimulus generalisation and discrimination, and is discussed in greater detail in Chapter 8.

**FIGURE 7.18**
Brand positioning via
a perceptual map

COLA COMPETITORS

Modern/new

Pepsi Next

Diet Pepsi

Coke Zero

Pepsi Max

Low sugar taste

High sugar taste

Diet Coke

Pepsi

Coke Classic

Traditional
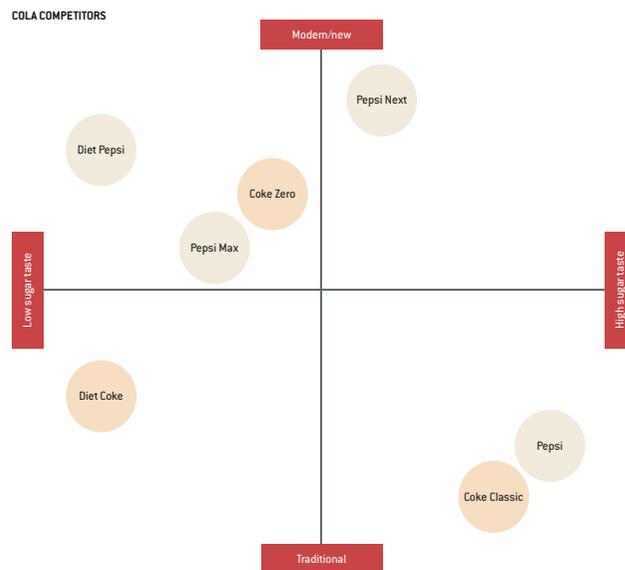
## Packaging

As packaging is often one of the first cues a consumer encounters, it is clearly important as it may be associated with higher quality or better value. For example, research shows that

smaller packages are rated more favourably than larger packages.[62] This effect, though, is due to the smaller package being associated with a higher unit price (despite having a lower overall price), which suggests that unit price information is more diagnostic than overall price information when forming judgments of product quality.[63] The previous discussion of JND and Weber's law also shows the importance of changing packaging sizes so that improvements are likely to be noticed and downgrades likely to be missed.

## Perceived price and value

Whether consumers consider a product or service to be expensive is really a function of their perception. Discounts that are exclusive, targeting only a particular consumer group, are seen as providing greater value for money than the same discount that is inclusive of all consumers.[64] However, consumers will not always view exclusive discounts as being of greater value, unless they have a purchase history with the organisation.[65] The order in which price information is presented to consumers has also been shown to affect consumers' judgements. Research has shown when differing brand options are presented in descending price order, consumers tend to choose higher-price options; but when they are presented in ascending price order, consumers tend to choose lower-priced options.[66] Women were found to be more price sensitive than men, and price perceptions found to be more important for products purchased for daily use, rather than products purchased for a special event.[67]

## Physical quality differences versus extrinsic cues

Physical or 'objective' quality refers to 'measurable and verifiable superiority on some predetermined ideal standard'.[68] It is assessed in terms of physical product difference or intrinsic cues, which are designed to show the superiority or inferiority of products.[69] Results from research[70] suggest that objective quality, rather than extrinsic cues such as price and brand name, have the largest effect on consumer evaluations. When physical quality or objective quality is hard to assess or the product is based on fashion or style, extrinsic cues such as country of origin and brand name become more important.[71] Other research suggests that the perception of physical quality differences is more likely to occur for non-durable products, such as groceries, than for durables, such as cars and white goods.[72]

## Price–quality relationship

One of the strongest empirical relationships in consumer behaviour is the price–quality relationship.[73] This suggests in the absence of other information cues, consumers associate higher prices with better quality. It appears though, that when other cues are included, such as brand name, the relationship changes to one of brand quality, with well-known brands being associated with higher prices.[74] Other research suggests that when consumers do not know much about the product category, they are likely to rely on price as an indicator of quality.[75] Interestingly, compared with objective quality

differences  gained  from consumer reports and independent third parties, consumers' perceptions of the price–quality relationship for non-durable products, while positive, is less accurate.[76]

CONSUMER BEHAVIOUR IN ACTION

## QR CODES FIND A NEW MARKET IN CHINA

A QR code, which is a scannable printed barcode, allows the user to gain additional information and access promotional coupons by their smartphone. In Western countries, it seemed like a great way to connect mobile consumers with a brand's digital offerings, but it was viewed by most consumers as inconvenient.

In China, however, it is a different story. *Advertising Age* reports that QR codes are alive and well in China, bolstered in part by the highly popular mobile app WeChat (which boasts 272 million monthly active users); it includes a QR code scanner as part of its social and e-commerce features. Another reason for QR codes' success in China, the world's number-one smartphone market, is that many consumers are more accustomed to accessing the internet on smartphones than on desktop computers. To them, using a phone to scan a code comes more naturally than typing a web address. Mobile coupon company Imageco tallied 113.6 million QR codes scanned in China in October 2013, up more than 38 per cent from the month before. Some in China use personal QR codes to identify themselves on social media. The codes are also at the heart of a price-comparison app called Wochacha, which has 140  million users.[77]

**FIGURE 7.19**
QR codes in China: a more meaningful encoding of a marketing stimulus
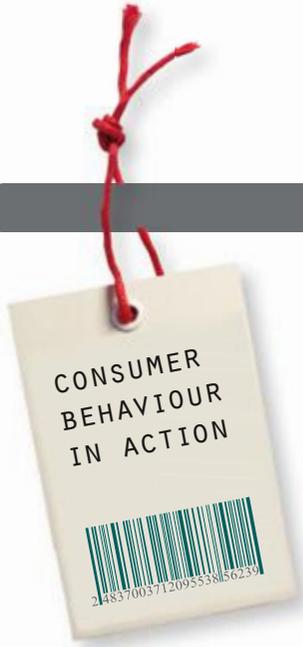
## Store image and the servicescape

The retail store image is also an important consumer cue in perception and has been found to influence quality and price perceptions, with usually more upmarket stores being associated with higher-quality merchandise, and lower-priced discount stores with lower-quality merchandise[78].

In service delivery the store image is often called a **servicescape**. A servicescape can be defined as the effect of the physical surroundings on the quality perceptions of the service encounter.[79] The physical environment not only affects consumer judgments, evaluation and moods, but also the behaviours and attitudes of the staff who serve them.[80] This is even the case for components of the physical environment not related to the performance of a service.[81] Examples include retail atmosphere and the ambience of hotels and restaurants. Importantly, customers have also been found to base their evaluation of front-line staff on aspects of the physical environment where the service encounter takes place.[82]

Servicescapes are particularly important in leisure services, such as hotels,[83] resorts[84] and casinos.[85] Servicescapes have also been found to be important in the evaluation of services, as they often represent a tangible element that is used as a cue for quality.[86] Important aspects of servicescapes have included cleanliness,[87] music,[88][89] the design of physical facilities[90] and the perceived level of crowding.[91] Servicescapes can be symbolically interpreted by ethnic and subcultural groups that they are welcome at the particular establishment. This has been found to be the case, for example, for Jewish and homosexual consumers in the USA,[92] who interpreted layouts in hotels as to whether or not they felt welcome. It is claimed that some servicescapes present restorative environments for consumers, places of rest or places of excitement.[93] Servicescapes employed by chains like Starbucks have created memorable experiences for many consumers in global markets.[94] One of the key aspects of servicescapes can be to encourage approach behaviour and sometimes avoidance behaviour. This is particularly so for cleanliness, which seems to be the most important in encouraging approach behaviour.[95] The layout of consulting rooms and the physical appearance of physicians have also been found to be important in the evaluation of medical services.[96] Online retailers[97] can develop a servicescape by focusing on ambient conditions, spatial layout, functionality, signs, symbols and artefacts.

**servicescape**
The effect of the physical surroundings on the quality perceptions of the service encounter

## KEN ROBERTS

Ken Roberts is the founder and CEO of Forethought Research, ranked the most commercially effective and innovative marketing research consultancy in Australia. Ken leads Forethought with a marketer's lens to deliver frame-breaking research methods that address the most critical marketing questions: 'How do I grow market share?' and 'How do I increase the value of my brand and efficacy of my communications?'

Ken is regarded as an innovator of research methodologies and was the driving force behind the first marketing research method to be awarded a patent in Australia for Prophecy Thoughts. In 2012 Forethought was awarded a second patent for Prophecy Feelings. Ken has been published in the *Journal of Marketing Science*, *Research World* and *Admap*. He has also written for local publications including *Professional Marketing Magazine*, *AdNews* and *Research News*.

*How did your career start?*
My journey was certainly not typical. I started work with a large multinational company at 18 and didn't go to university until nine years later. By the time I finished my undergraduate degree I had a considerable amount of work experience, so my first role out of university was as a marketing manager for a law firm. I know it is common to say, but being a mature-age student and knowing at least some of the ways of the world gave me a far greater appreciation of the university learning opportunity.

*What advice would you offer a student studying consumer behaviour?*
I strongly urge students of consumer behaviour to learn all that you can about the function of the non-conscious and how feelings interact with thoughts to drive decision making. The most important aspect of learning about consumer behaviour draws from the psychological literature and presents theoretical models. Learn these models well as you will be able to generalise across multiple markets and multiple segments.

*How important are consumer insights to what you do and to your organisation?*
I am a partner of a marketing research firm and so our stock in trade is insight. Clients fall broadly into two categories: those wishing to gain market share and those wishing to

retain market share. We have about sixty-eight active clients and I would say about half a dozen of them are aggressively seeking to gain market share. Many of the other clients use marketing research as a means for monitoring competitors and pre-testing initiatives. Some of these see the primary role of marketing research as a means for measuring operational performance through modes such as customer experience research.

*What is the hardest decision you've had to make to date?*
Forethought has expanded into new geographies such as Asia and North America, and the extent of the investment in these countries has proven to be particularly challenging. Primary and secondary information on new markets can only take you so far and investing in people on the ground has proven to be critical in understanding the nuances of new markets.

*How important is social media to you?*
Social media and more broadly digital media continue to grow exponentially. They are the fulfilment of the big data promise as they enable organisations to speak to individuals. Consumers remain largely ignorant of how their social media behaviour is being captured and allowing organisations to infer propensities to respond to advertising. At some point in the coming years the balance between one-to-many marketing via traditional media and one-to-one via digital media—and in particular social media—will be understood. My bet is in the short run there will be an overinvestment in social media as a communications medium.

*What has been your favourite project to work on?*
Rather than a single project, my favourite projects are when we have clients who are single-minded about pursuing market share and have the discipline to withstand distractions. These clients have used marketing insight to inform product service and communications and have substantially gained market share, often in less than 18 months. The most sophisticated of these have understood the relative importance of emotion and rational reasons to believe.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*
Shoppers who value service will continue to seek a retail experience in the high street or the shopping mall. For the more price-sensitive shopper, the internet will be seen as a channel for minimising costs. The question is: how will the loss of customers to the internet ultimately affect the viability of the high street and shopping mall? Apart from where people buy, the changes surrounding information sources will continue to lean more and more heavily towards electronic channels. The need for the expert salesperson in many  categories will diminish. Retailers who offer everyday low prices will find it particularly difficult to compete with the internet, so there will be a shake-out of only a handful remaining in each category. Stores who focus on valuated quality will fare better in the short run.

## SUMMARY

1   Understand the sensory dynamics of perception.
    It is difficult to see how marketers can communicate effectively without an understanding of the process of perception. The process of perception starts with sensory inputs. We are limited somewhat by the range of our senses, especially our sense of smell. The positive effects of providing greater sensory inputs by repeating messages, using larger billboards or adopting greater volume in advertisements is limited by Steven's power law, which suggests that there is a point at which further sensory inputs will not lead to sufficient arousal or attention.

2   Debate the effectiveness and ethics of subliminal perception.
    There is much public debate and concern about subliminal perception, though there is no clear evidence that it is actively being used by marketers. There is some evidence that the use of subliminal perception may influence emotional outcomes, but not decision making. The use of subliminal advertising is illegal in the USA but not in Australia and New Zealand.

3   Understand the elements of perception and information processing of consumers.
    Gaining consumer attention is the first challenge for marketers. Consumers are faced with competing demands on their attention, and can only process at best four bits of information at any one time. They can, and do, change their attention span rapidly, as has been found in research on wait times for website downloads. A consumer's attention is also determined by their motives and the way stimuli are presented to them in an environment. Another important aspect is whether consumers notice changes in stimulation. Two theories—the just noticeable difference and, importantly, Weber's law—show that changes in packaging, advertising and product features need to be optimised only so that they are noticeable, and consistent with the size of the object. Small changes are more noticeable in large objects, such as legroom on a plane, and large changes need to be made for them to be noticeable in small objects, such as the need to increase the size of a hamburger patty by 25 per cent for it to be noticed. This chapter also discussed how consumer attention can be gained by the use of colour, humour, size and position, and novelty and contrast.

    Once a consumer's attention has been gained, it is important that the encoding of the stimulus is encouraged by marketers. To do this they should present their information according to the principles of gestalt psychology; that is, through the use of proximity, similarity, closure, and figure and ground.

    The last step of the process of perception is encoding. Encoding is also based on individual factors such as learning, experience, memory, beliefs and attitudes. When consumers encode—or try to understand information and experiences—they will use heuristics, or rules of thumb. Consumer expectations of what will happen as the result of encountering a stimulus are important. Consumers may use small parts of information,

such as cues, to make larger consumer inferences. Cues can be intrinsic (part of the product or service) or extrinsic (separate but related to the product or service). Common extrinsic cues are price, packaging, brand name and country of origin. Complicating matters somewhat are the distorting influences of how consumers make inferences; these include the halo effect and stereotypes (summary constructs).

Consumers can also be distracted by irrelevant cues and form inferences based on first impressions, which can lead to hasty (and for marketers, unwanted) conclusions. This is likely to occur when marketers use appeals such as humour, novelty, shock or sexual appeal to try to gain the attention of consumers.

4   Apply the understanding of perception to marketing strategies.

By understanding perception, marketers can position their brands so that they are well regarded by consumers. Volkswagen, for example, positions itself by use of a stereotype by linking itself with German engineering. Applications of perception in marketing include brand positioning and how consumers encode a number of important marketing cues such as packaging, price and value, physical quality differences, the price–quality relationship, and store image and the servicescape. The important conclusion here is that consumers may form incorrect perceptions, but it is these perceptions rather than the 'reality' that count if you want to influence purchase behaviour.

## KEY TERMS

| | | |
|---|---|---|
| absolute threshold | heuristic | servicescape |
| attention | just noticeable difference | similarity |
| closure | (JND) | stereotype |
| consumer expectations | perception | Steven's power law |
| cues | perceptual encoding | subliminal perception |
| defence | perceptual integration | vigilance |
| exposure | proximity | Weber's law |
| figure and ground | sensation | |
| halo effect | sensory threshold | |

## END-OF-CHAPTER QUESTIONS

1  What factors and theories are involved in the process of perception? How might an understanding of how perception operates assist marketing managers to achieve marketing objectives?

2  What is attention, and what are some of its key characteristics?

3  Differentiate between the absolute threshold and the differential threshold, and explain how these concepts relate to Weber's law.

4  Name the four principles of perceptual organisation and explain why marketers need to know about them.

5 How do distorting influences influence the interpretation of a stimulus? Are these beneficial or problematic for marketers?

6 Identify a brand extension and discuss how exposure, attention and integration processes can influence the effectiveness of the extension.

7 Identify and discuss some of the widely used techniques to gain and hold consumer attention. Conduct an experiment to test your ideas.

8 Select a press advertisement or product packaging approach that illustrates good use of the following aspects:
   a   colour
   b   price—quality relationship
   c   novelty and contrast
   d   halo effect
   e   stereotypes (summary construct).

9 Provide examples of the JND principle from price, pack and product changes of a particular consumable. Conduct an experiment to measure the JND for a change in the price of a brand of beer.

10 Do you think that superstores that specialise in one type of product—such as hardware, office supplies or electronics—run the risk of overloading consumers with too much information? Why or why not?

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Absolut print advertisements—
www.absolutad.com/absolut_gallery/singles/

Ads of the world—
http://adsoftheworld.com

All about perceptual maps for marketing—
www.perceptualmaps.com

Australian Government, Department of Health: Plain packaging of tobacco products—
www.health.gov.au/internet/main/publishing.nsf/Content/tobacco-plain

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www.mla.com.au/marketing-beef-and-lamb

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# LEARNING AND CONSUMER INVOLVEMENT

Steven D'Alessandro

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1  understand what is meant by learning
2  examine the process of learning
3  explain how behavioural learning is applied to consumer behaviour
4  understand the process of cognitive learning as applied to strategic influences
5  explain how consumer memories are formed and how information is retrieved from it
6  discuss how consumer involvement can have an effect on consumer behaviour.

## ARE CONSUMER LOYALTY SCHEMES EFFECTIVE?

According to a 2012 study by the Commonwealth Bank, the average consumer in Australia accrued loyalty points worth $347 annually—the equivalent of $4.9 billion nationwide. However, only $288 a year (or $4.1 billion) is redeemed. Rewards worth $800 million remain untouched as some members instead save up for big-ticket items such as flights and holidays, and others simply forget, can't be bothered or run out of time to cash in.[1] Other researchers have criticised loyalty schemes as being too complicated or simply not worth the cost. On average, FlyBuy points are worth around 7 cents a point.[2]

Other Australian retailers are revamping loyalty schemes. In 2012, Coles Managing Director Ian McLeod said the company's revamped scheme will provide Coles customers with one point for every $1 spent, representing at least 50 per cent more value than previously, as well as bonus points on nearly 200 products across the store. The Coles My5 offer provides customers spending more than $50 with a 10 per cent discount on five products of their choice.[3] This move upped the pressure on rival Woolworths, which recently launched new features for its Everyday Rewards program, including discounts of over 20 per cent on selected items, with no minimum spend to receive that benefit.

Research also suggests that consumers are more likely to engage with a loyalty program that lets them share points with family and friends, while supporting a charity is a strong motivator for younger consumers. A good example is the IKEA Family loyalty program: when members swipe their cards, the store donates 10 cents to charity—half to UNICEF and half to Heartkids Australia.[4]

Commenting on the use of loyalty schemes by retailers, Choice spokesperson Ingrid Just noted: 'It is about encouraging repeat behaviour, developing that relationship with the consumer. It also gives the purchaser the idea that they are getting something for free, but in fact they may not always be.' She added that the biggest risk to consumers is that the cards may prevent shopping elsewhere and the consumer can miss good deals.[5]

## INTRODUCTION

This chapter discusses a number of issues highlighted in the opening vignette, such as learning, loyalty, memory and involvement. The use of loyalty schemes by Australian retailers are about trying to influence consumer behaviour by getting consumers to learn not to look at competing offers but instead to remain loyal to a chain in return for rewards. For these reward schemes to be successful, though, consumers must remember to use and redeem loyalty programs. Consumers may also be involved with the use of loyalty reward cards to a greater or lesser extent, and it seems being able to share reward points or donate them to charity increases consumer interest.

## WHAT IS LEARNING?

**Learning** can be defined as 'a relatively permanent change in behaviour which is linked to experience'.[6] Behaviour is not the only type of learning; there are altogether three types of learning: learning via physical behaviour, symbolic learning and affective learning.

**Learning by physical behaviour** means to learn how to accomplish tasks such as swimming, cooking and driving a car. This involves cognitive processes including recalling, calculating, discussing, analysing and problem-solving. As consumers, we also learn methods of responding to various purchase situations such as learning to act dissatisfied when hearing the first price quote on a car.

**Symbolic learning** is learning the meanings of symbols. Symbols allow marketers to communicate with consumers through brand names (for example, Samsung or Sony) and slogans (for example, 'Simply the best').

**Affective learning** is learning to value certain elements of our environment and to dislike others (for example, love, appreciation, fear and hate). Consumers learn many of their wants, goals and motives, as well as which products satisfy these needs. This type of learning also influences consumers' development of favourable or unfavourable attitudes towards a company and its products.

The three types are not mutually exclusive. For example, in learning to play chess, the person will have to learn the rules of the game (cognitive domain), but she also has to learn the symbolic nature of the chess piece—the difference between the shapes of a pawn, king or bishop. Furthermore, the person may even learn to love the game itself (affective domain).

## THE ELEMENTS OF CONSUMER LEARNING

In order for learning to occur there are four main elements: motivation to learn, cues that trigger learning, a response linked to a cue, and reinforcement (that is, the process needs to be repeated so that the link between the cue and the response is learnt, and becomes ingrained in behaviour). Learning is behavioural and cognitive. Consumers do not automatically learn that a product or service will be the best choice; they need to be induced into learning that it is so. Learning takes into account the intentional search of information. It's an ongoing process—knowledge is constantly being revised.

### Motivation

Consumers are more **motivated to learn** if the information is relevant to their needs and goals. Motives based on needs and goals act as catalysts for learning.[7] Table 8.1 shows the different motivations for shopping by Australian consumers.

Responses to shopping vary over time and swing with variations in the economy and social mood of the country. The research firm Australian Social Monitor has noted

Understand what is meant by learning.

**learning**
A relatively permanent change in behaviour that is linked to experience

**learning by physical behaviour**
Learning how to accomplish tasks such as swimming, cooking and driving a car

**symbolic learning**
Learning the meanings of symbols; symbols allow marketers to communicate with consumers through brand names and slogans

**affective learning**
Learning to value certain elements of our environment and to dislike others

Examine the process of learning.

**motivation to learn**
Motivation based on needs and goals; a catalyst for learning

**TABLE 8.1**
Changes in the motivation to shop 1993 to 2003

| | AGE | 1993 (%) | 2003 (%) |
|---|---|---|---|
| Percentage of people who enjoy shopping | 18–24 | 79 | 57 |
| | 25–34 | 63 | 66 |
| | 35–44 | 55 | 49 |
| | 45–54 | 54 | 34 |
| | 55+ | 58 | 56 |
| Percentage of people who regard shopping as a chore | 18–24 | 21 | 32 |
| | 25–34 | 34 | 32 |
| | 35–44 | 37 | 46 |
| | 45–54 | 46 | 55 |
| | 55+ | 34 | 38 |

that consumers in 2003 spent less time shopping than they did 10 years ago, and visited fewer stores to do their purchasing. However, their overall expenditure had increased. The interpretation of this is that consumers are becoming more focused and that their motivations for shopping are less concerned with the hedonic aspects of shopping. The report also found that people are becoming more willing to haggle over price and quality of goods, and that they are much more cautious before buying.

**cue**
A way to direct consumer drives when they are consistent with consumer expectations; consumers use cues as short cuts in the evaluation process

## Cues

**Cues** serve to direct consumer drives when they are consistent with consumer expectations. Consumers use cues as short cuts in the evaluation process. It is important to identify these cues as they relate to product or company image and lead to an enhanced perception. Table 8.2 shows the cues used by consumers to evaluate services.

**TABLE 8.2**
Cues used to evaluate services

| | DOCTOR | BANK | HAIRSTYLIST | DENTIST |
|---|---|---|---|---|
| Most relied on | • Personal referral<br>• Physical facilities<br>• Demeanour<br>• Others present<br>• Physical location<br>• Dress | • Physical location<br>• Personal referral<br>• Demeanour<br>• Advertising<br>• Physical facilities<br>• Others present | • Personal referral<br>• Price<br>• Demeanour<br>• Physical facilities<br>• Others present<br>• Advertising | • Personal referral<br>• Demeanour<br>• Physical facilities<br>• Physical location<br>• Price<br>• Others present |
| Least relied on | • Price<br>• Advertising | • Price<br>• Dress | • Physical location<br>• Dress | • Dress<br>• Advertising |

As shown in Table 8.2, the evaluative criterion of bank security might be assessed by consumers on the basis of physical location of the building, along with physical facilities including design, location, furniture and colours. Thus control of these cues could lead to an enhanced perception of security.

## Response

**Response** is how consumers react or behave to a motivational drive or a cue. Responses can be behavioural (such as purchasing a product), cognitive (that is, associating a cue with solving a problem, such as taking an aspirin for a headache) or affective (such as associating champagne with success and happiness). The advertisement in Figure 8.1 links the consumption of Corona beer with relaxation, holidays and an exotic location. As discussed below, this is also a form of classical conditioning.

**response**
How consumers react or behave to a motivational drive or a cue



**FIGURE 8.1**
An example of response

## Reinforcement

**Reinforcement** increases the likelihood a response will occur in the future as a result of a cue or stimulus.[8] Behaviours that result in satisfying consequences tend to be repeated. For example, a consumer who buys a Kit Kat snack bar and enjoys the taste is more likely to buy a Kit Kat again. When effects are no longer satisfying, the person may switch brands or stop eating snack bars. Marketers help customers to learn about their products by helping them to gain experience with them. Free samples, coupons and product demonstrations can successfully encourage trial and reduce purchase risk.

**reinforcement**
Repeated events that increase the likelihood a response will occur in the future as a result of a cue or stimulus

There are two types of reinforcement: positive and negative. Positive reinforcement includes events that strengthen the likelihood of a specific response. This is shown in Figure 8.2, an advertisement for James Boag's beers, which are brewed in Tasmania. The advertisement reinforces the unspoilt Tasmanian environment and natural ingredients used in Boag's beers.

FIGURE 8.2
An example of positive
reinforcement



Negative reinforcement includes unpleasant outcomes that serve to encourage specific behaviour. This is shown in Figure 8.3, an Indian road safety advertisement urging people not to talk on the phone to people who are driving because it may lead to distraction and horrible road accidents.

FIGURE 8.3
An example of negative
reinforcement



Usually, marketers will use positive reinforcement to encourage learning, while social marketers concerned with health and road safety campaigns use negative reinforcement.

## BEHAVIOURAL LEARNING THEORIES

### Classical Conditioning

**Classical conditioning** occurs when an unconditioned stimulus or cue is associated with an outcome. A key issue of classical conditioning is that repetition increases strength of

association; that is, it reduces memory decay. A lesson for marketers is to make the unconditioned stimulus relevant in some way to the brand. Companies such as Heinz, Campbell's and General Electric rely on their positive corporate images to sell different product lines under their family branding umbrella.

The genesis of learning theory came from Russian psychologist Ivan Pavlov and his experiments with dogs. When he administered meat paste to dogs, they would naturally salivate. Every time that he administered the paste, he would sound a bell. Through repetition, the dogs learned to associate the sound of the bell with the coming of food. Eventually, the dogs learned to associate the sound of the bell, even when the meat paste was not present—demonstrating that learning occurs after a sufficient number of repetitions. For example, you may learn to associate the 6 p.m. news with dinner. If dinner smells occur at around a particular time—in this case, at 6 p. m.—then this stimulus will make you hungry, because you associate this time with the nice smells of dinner.

An explanation of classical conditioning is shown in Figure 8.4. As can be seen, classical conditioning starts with an unconditioned stimulus (US), in this case the smell of dinner, being logically associated with dinner itself, or the unconditioned response (UR). The second part of the example shows how this can be done in advertising. Most heterosexual males associate attractive women with a positive affect: the emotion of sexual attraction. This is a link between an unconditioned stimulus and an unconditioned response. If the advertiser, in this case James Boag's, now places an attractive woman in a beer commercial (see Figure 8.5), then the stimulus of this brand of beer is associated with a positive affect or outcome—being near an attractive woman. Lastly, when James Boag's beer is placed in a shop, it will also be associated with the affect of being close to an attractive woman.

**classical conditioning**
Where an unconditioned stimulus or cue is associated with an outcome
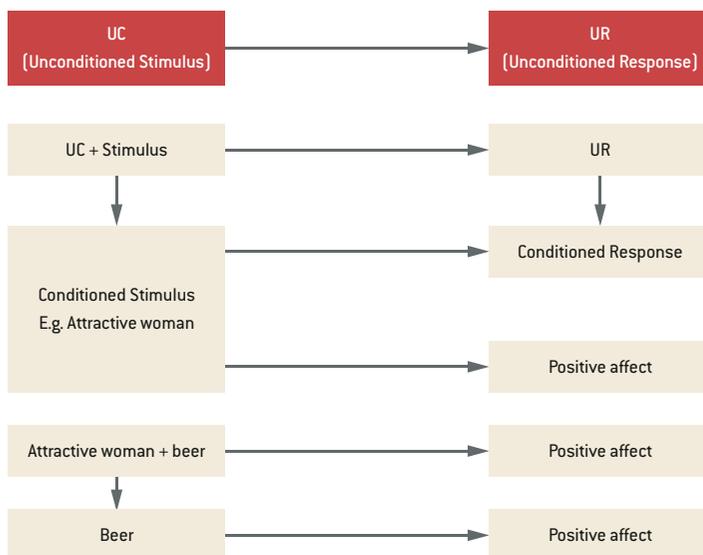


**FIGURE 8.4**
How advertisers use classical conditioning

**FIGURE 8.5**
The use of classical conditioning by James Boag's beer



Another example of classical conditioning is the famous Gorn experiment, where high-tempo music was played in a music store. It was discovered that customers moved faster, stayed less and purchased less; however, when slow-tempo music was played, daily gross sales went up by 38 per cent. Similarly, in a restaurant when slow-tempo music was played, patrons stayed longer at tables and purchased more from the bar; as a result the gross margin increased because of increased bar sales.

Consumers are likely to respond to a classical conditioning approach under the following conditions:

1   when perceived risks of the item are low because learning is unlikely to be mediated by much cognitive effort
2   when products have low differentiation on objective features; for example, soap, toothpaste and snack foods
3   when the price of a product is generally low.

**CONSUMER BEHAVIOUR IN ACTION**

## ADVERTISING ALCOHOL IN AUSTRALIA

There are self-imposed industry limits on what classical conditioning can be used in the advertising of alcohol in Australia. According to the code of industry practice by the Alcohol Beverages Advertising Code, advertising of alcohol in Australia 'must not suggest that the consumption or presence of alcohol beverages may create or contribute to a significant change in mood or environment'. Accordingly:

i    [it] must not depict the consumption or presence of alcohol beverages as a cause of or contributing to the achievement of personal, business, social, sporting, sexual or other success
ii   if alcohol beverages are depicted as part of a celebration, [it] must not imply or suggest that the beverage was a cause of or contributed to success or achievement

iii [it] must not suggest that the consumption of alcohol beverages offers any therapeutic benefit or is a necessary aid to relaxation.[9]

Thinking about these self-imposed restrictions, how commonly do you think such associations are used in alcohol advertising? Think about this by examining some of the examples in this chapter.

## Instrumental Conditioning

**Instrumental conditioning** (or operant conditioning) occurs as the individual learns to perform behaviours that produce positive outcomes and avoids behaviours that yield negative outcomes; for example, being complimented on wearing perfume, or avoiding going to a noisy restaurant. Two key points to note for instrumental conditioning are:

1  Reinforcement must be attractive if frequency of behaviour is to increase.
2  Reinforcement should not be a substitute for product quality.

B.F. Skinner states that most consumers learn by means of 'trial and error' in which some purchase behaviours will work favourably (that is, rewards). For example, if you remember to take your umbrella to work on a day it rains, you are more likely to carry your umbrella in the future because of this consequence; that is the behaviour of taking your umbrella has been reinforced. In marketing, instrumental conditioning is frequently used: offering a free coffee and muffin to anyone who comes to a car dealership, for example, or presenting a scratch lottery ticket to each licensed driver who test drives a car. Figure 8.6 shows the basic steps in instrumental learning.

**instrumental conditioning**
A process through which an individual learns to perform behaviours that produce positive outcomes and avoid behaviours that yield negative outcomes (also known as operant conditioning)



**FIGURE 8.6**
Basic steps in instrumental learning
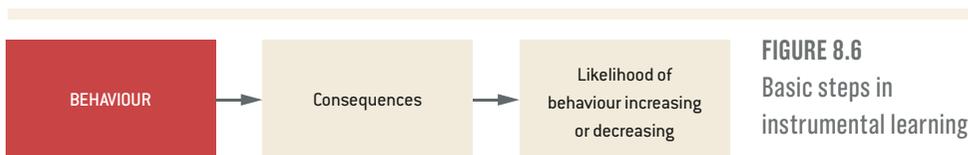
A key aspect of learning is reinforcement, either positive or negative, which influences the behaviour to be repeated (in the case of positive reinforcement) or to be avoided (in the case of negative reinforcement). It is also possible that the likelihood of repeat behaviour can be decreased by punishments, such as fines, loss of demerit points with driver's licences, or even jail terms. Figure 8.7 shows the use of reinforcements to influence behaviour. Note that punishment and negative reinforcement are not the same. A consumer may have a bad experience with a product or service, such as a poor haircut or a car that won't start in the morning. This is negative reinforcement. Punishment, on the other hand, is an outside penalty aimed at discouraging behaviour and is frequently used to control undesirable behaviour.

**FIGURE 8.7**
How reinforcement and punishment influence behaviour
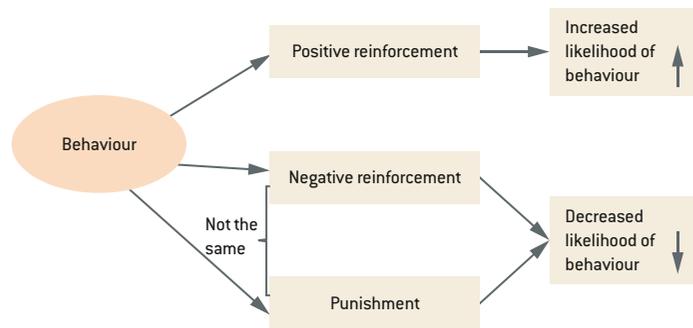
Figure 8.8 shows the use of both positive reinforcement and negative reinforcement with respect to the consumption of alcohol by 18–24-years-olds in Australia. As can be seen, there is choice shown between a positive outcome—not drinking to excess and having fun socialising—and a negative outcome of social embarrassment and possible hospitalisation.



**FIGURE 8.8**
Positive and negative reinforcement with the consumption of alcohol
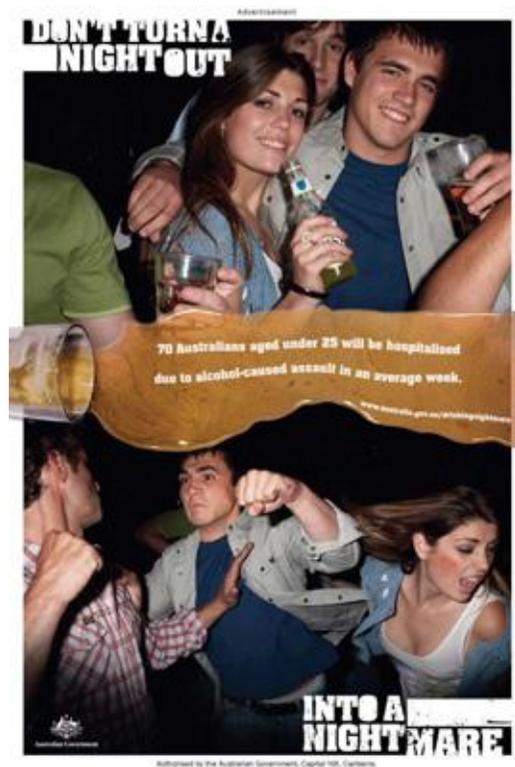
## Stimulus Generalisation

Learning depends not only on repetition but also on the ability of the subject to generalise. For example, Pavlov's dogs could learn to salivate in response to other sounds, not just the bell. **Stimulus generalisation** is responding the same way to slightly different stimuli. Some marketers try to use this by introducing 'me too' products (with similar looking packaging). An example is the similar names and logos of two women's fitness centres: Curves and Contours. A marketer of a well-known and successful brand can use stimulus generalisation in the introduction of a new product; for example, the Apple iPhone was launched after the success of the iPod. This is because consumers tend to generalise from one series of events to another.

**stimulus generalisation**
Responding the same way to slightly different stimuli

## Stimulus Discrimination

**Stimulus discrimination** is the selection of one stimulus from among similar stimuli. A consumer's ability to discriminate is the basis of positioning strategy, which seeks to establish a unique image for a brand in the consumer's mind. Generally market leaders (such as Apple in smartphones and Sony in LCD televisions) will prefer to use stimulus discrimination—that is, that their brand is unique and better than the competition—while market challengers (such as Samsung in smartphones and LG in LCD televisions) will prefer to use stimulus generalisation that their brand is either similar or just as good as leading brands in the marketplace.[10]

**stimulus discrimination**
The selection of one stimulus from among similar stimuli

### APPLE IPHONE VERSUS SAMSUNG GALAXY

One very good example of stimulus generalisation and discrimination has been the competition in the mobile phone market in Australia and globally. For many years the Apple iPhone and its operating system (OSi) was the market leader in Australia. Australia seems to be following global trends with Samsung now the market leader in mobile phones, with around a third of sales of handsets in 2013, compared with Apple's 13.6 per cent.[11] In recent court cases Apple has alleged that Samsung has infringed its design and technology.[12] This can be seen as an attempt to maintain stimulus discrimination by Apple of the design and technology superiority of their brand. Samsung, though now the world's most profitable manufacturer of mobile phones, and with the greatest market share of operating systems, ironically still sees itself as 'a challenger brand',[13] which means it wants very much to have consumers practise stimulus generalisation—that there is a great similarity between the brands, but that Samsung handsets are cheaper and are being updated more frequently than Apple's. Some commentators now believe that Apple will have to follow the market— that is, move more to stimulus generalisation—by producing cheaper handsets with wider screens, much like their competitors Samsung, LG and Lenvento.[14] These brands all use the Android operating system, which is used by 79 per cent of all mobile phones in the world.

CONSUMER BEHAVIOUR IN ACTION

FIGURE 8.9
iPhone and Galaxy
smartphones



## MARKETING APPLICATIONS OF BEHAVIOURAL LEARNING THEORIES

There are four main applications of learning theories in marketing:

1  focusing on consumer satisfaction to reinforce behaviour
2  using relationship marketing to develop stimulus generalisation
3  using reinforcement schedules
4  'shaping' to provide small rewards to encourage consumers to change a large behaviour; for example, buying a new car.

Customer satisfaction can be achieved by providing service and facilities after purchase of the product; for example excellent service facilities for Mazda cars. When marketers use relationship marketing they seek to develop a personalised relationship as another form of non-product reinforcement. This could include special offers, birthday discounts and gifts, and rewarding consumers for their commerce with loyalty schemes.

**Reinforcement schedules** suggest that learning needs to be reinforced by either rewards (or, in the case of social marketing campaigns such as road safety, by punishments) or by stimulus association, whereby the cue (brand name) is associated with a favourable event or outcome.[15] Research suggests that advertisers can 'space' their reinforcement schedules; that is, remind consumers of stimulus associations or rewards associated with outcomes. Spacing appears to be more effective if the stimulus is novel (for example, entertaining advertising) than if it is simple (for example, advertisements for mundane products such as degreasers or shower cleaners). Complex stimuli, such as instructions for a new product, seem to benefit from greater spacing.[16]



Explain how behavioural learning is applied to consumer behaviour.

**reinforcement schedule**
How frequently consumers are reminded about stimulus associations or outcomes of behaviour, usually by advertising

Consumers may also change behaviour by a series of smaller learning steps, which is often called **shaping**. Shaping uses a series of rewards (or punishments) to change behaviour in series of incremental steps. Consumers, for example, may be rewarded first by gifts and incentives to open a new bank account, obtain a new credit card or join a new frequent flyer program, then more rewards may be offered in terms of special loyalty bonuses and discounts that encourage greater usage of the product.

**shaping**
Changing behaviour by a series of smaller learning steps, usually through reward or punishments

## Massed Versus Distributed Learning

Timing is an important influence on consumer learning. There are two ways in which consumers (and students) learn:

1   **Massed learning** is learning that is concentrated in time. This is used by advertisers for immediate impact (for example, when introducing a new product).
2   **Distributed learning** is a learning schedule spread over a longer period of time and is used by advertisers to encourage long-lasting, repeat purchase behaviour.

**massed learning**
Learning that's concentrated in time

**distributed learning**
A learning schedule spread over a longer period of time; used by advertisers to encourage long-lasting, repeat purchase behaviour

Research suggests that massed learning is more effective when consumers are provided with detailed instructions, and that spacing can be just as effective when consumers have the opportunity to practise up to three times how to complete a new task (such as use a new software program), without direct instruction.[17]

## Evaluation of Instrumental Conditioning

Critics point out much learning takes place in the absence of direct reinforcement. We can learn through the process of 'modelling' (observational or vicarious learning), without reinforcement. This is how children learn—by observing behaviour and imitating it. Research also suggests that observational learning is more salient for infrequent consumers, those who rarely purchase a type of product or service.[18] It is also possible for consumers to learn new information or to change their behaviour based on analogies of similar situations.[19]

## Cognitive Learning and Memory

Not all learning takes place due to repetition. **Cognitive learning** theory posits that people learn through problem solving in order to gain control over their environment. Consumers differ in terms of imagery—their ability to form mental images—and these differences influence their ability to recall information. Of central importance to the processing of information is human memory.

**cognitive learning**
Learning through problem solving in order to gain control over the environment



Understand the process of cognitive learning as applied to strategic influences.

### Memory

Our **memory** is simply the way we store and relate information and events to each other. Memories are not just recollections of reality but also include our associated emotions and feelings, and associations with past events and objects.[20] Our memory is believed to consist

Explain how consumer memories are formed and how information is retrieved from it.

**memory**
The way we store and relate information and events to each other

**sensory memory**
Temporary storage of information we receive from our senses

**short-term memory**
A memory that occurs in a limited period of time and has a limited capacity; it requires rehearsal

**rehearsal**
A process of mentally or physically repeating information in short-term memory, so that is more likely to be stored in long-term memory

**long-term memory**
A storehouse of information that lasts for a long time; elaborative rehearsal is required

of three types: sensory memory, short-term memory and, most importantly, long-term memory.

**Sensory memory** is the temporary storage of information we receive from our senses. If it is important, it may be moved to our short-term memory. **Short-term memory** lasts for only a limited period of time and has a limited capacity. It requires **rehearsal** in order to be retained in **long-term memory**, which is a permanent storehouse of information; it lasts for a long time, but elaborate rehearsal is required as memories are not always easily retrievable and can decay through the passing of time. For example, you may forget what brand of washing powder your mother prefers if you have not gone grocery shopping with her lately. **Interference** is another impediment to memory retrieval, and occurs when something learned gets in the way of a new piece of information. For example, if your best friend's name is Tom Smith, and you are introduced to another person called Tom, you may have difficulty remembering that his surname is Silverman. One strategy to make memories easier to retrieve is **chunking**, which involves rearranging information so that fewer parts need to be remembered.

One of the critical stages of the process of memory is the transference from short- to long-term memory. Transferring from the short-term to the long-term store depends on the amount of rehearsal, and the gaps between each occurrence of rehearsal.[21] The way information is presented is also important. Research on outdoor advertising reveals that split-second retention of memories of signs requires clear branding and the inclusion of new-product information. Conversely, the use of lengthy headlines, information cues, humour and images of women delay the retention of outdoor advertising as they require more sophisticated processing.[22]

If information can be encoded by the consumer, it is also likely to be remembered and learnt. **Encoding** is where a word or visual image is selected and assigned to represent a perceived object. Research shows consumers learn from experience as a four-stage process of encoding: hypothesising, exposure, encoding and integration. This process is moderated by three factors: familiarity with the domain, motivation to learn, and the ambiguity of the information environment.[23] Therefore, marketers can help consumers to learn and memorise information by encoding brands through brand symbols or logos—known as logo evolution—which aids in their learning and memory process of encoding. For example, if a consumer learns through experience and encoding that Sony makes good televisions, this information will be integrated into memory, and the consumer is more likely to believe that Sony will make very good digital radios as well. Learning from direct experience is more potent when the information gained is unambiguous; for example, whether or not a mobile phone has good coverage. Where consumers find it difficult to assess product quality from experience, there has been shown to be a much greater effect of advertising on memory.[24]

Importantly, learning an image takes less time than learning verbal information. In marketing, this means that there is less likely to be a memory decay of advertised images than text-only information.[25] Figure 8.10 shows the use of encoding a brand name and image in an attempt to encourage memory retention. The caption 'Small can do' is encoding for the Panasonic SD memory card, which can store sufficient music or digital data for

**FIGURE 8.10**
An example of encoding

Source: Coloribus Advertising Archive. Accessed at www.coloribus.com/adsarchive/prints/panason-ic-sd-memory-card-headphones-3072505 on 13 March 2014.

**interference**
An impediment to memory retrieval that occurs when something learned gets in the way of a new piece of information

**chunking**
Rearranging information so that fewer parts need to be remembered

**encoding**
The selection and assignation of a word or visual image to represent a perceived object

most people's everyday needs. The memory process is further enhanced by the use of the image, which shows the small size of the memory card and its usefulness.

## Information overload and false memories

**Information overload** is when people are presented with too much information and then have difficulty encoding and storing it: 'Information overload refers to the fact that there are finite limits to the ability of human beings to assimilate and process information during any given unit of time.'[26] Early experimental research showed that when consumers encountered increasing amounts of information, it caused them to divide their processing time among the pieces of information presented, causing an apparent information overload.[27] Later research suggests that consumers are likely to experience information overload when presented with ten, fifteen, twenty or twenty-five choices, or with information on fifteen, twenty or twenty-five attributes.[28] Information overload is also likely to occur when there are time pressures.[29] Consumer mood has also been shown to influence the likelihood of information overload: consumers in a more positive mood are likely to be able to better cope with more information and its complexity than those in a less positive mood.[30]

In terms of consumer memory, when faced with a situation of information overload it is unlikely that consumers will ignore all messages received, reject them entirely, and be in a state of confusion.[31] Consumer information overload can be avoided if multiple, focused marketing messages are used rather than relatively few, complex marketing messages.[32] It is also believed that good branding[33] and providing a few positive online

**information overload**
When people are presented with too much information and then have difficulty encoding and storing it

reviews,[34] rather than technical information, also helps reduce consumer information overload.

Not only can consumers encounter information overload, but their memory also can be faulty, or their head can contain **false memories**. Research using online interactive objects shows that although object interactivity may improve memory of associations, compared with static pictures and text, it may lead to the creation of vivid, internally generated recollections that pose as real memories. Consequently, object interactivity may cause people to falsely recognise more non-representative features.[35]

## Retention in memory

**Retention in memory** is what we learn from one situation that helps us learn and remember something in a related situation meaning that information is constantly reorganised as new links between chunks of information are forged. This is the process of **activation** of assimilating new data into old data to make material more meaningful. Consumers, for example, are likely to learn and remember if the information is related to a task or goal, such as purchasing a product or service, than if they are just asked to recall information.[36,37] If consumers receive competing pieces of information—for example, more advertising by competitors—it has also been shown that they are unlikely to remember the messages these advertisements contain, as the information presented to them has not been displayed in a logical and consistent manner[38]. Numerical information is also much likely to be stored in memory 'as is', unlike verbal information that requires greater encoding.[39] This may explain, in part, why consumers' knowledge of prices is much greater than of other product features and benefits. Consumers are also likely to remember messages that can be rehearsed or actioned. For example, research on social marketing messages showed that associations with non-enactment concepts are harder to learn and remember than associations with enactment, or practice concepts.[40] Consumers organise their memory by a series of long-term stores, or a network of 'nodes' (concepts) with links between them. The information in such nodes is recalled by a schema. A **schema** is the total package of associations brought to mind when a cue is activated (Figure 8.11 shows an example of a schema). As can be seen, the consumer can have a set of inferential associations beyond that envisioned by a marketer. Suntan lotion, for example, in memory is also associated with global warming and going on a journey, or an overseas trip.

Advertising, therefore, can play a crucial role in the activation of the schema, by linking cues (brand names, events, signs and logos) with associations in memory.[41] Related to this, brand information, when combined with package visuals, was found to increase product memory.[42] Advertising that tries to encourage a positive mood in consumers is also more likely to be remembered.[43] The order in which information is presented in advertising is also important. Brand name information is more likely to be remembered when presented early in a commercial.[44]

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**false memory**

A memory of an event, object or object property that did not occur

**retention in memory**

The storage of information and events in long-term memory, which occurs as the result of the process of activation

**activation**

Assimilating new data in memory into old data to make material more meaningful

**schema**

The total package of associations brought to mind when a cue is activated

**FIGURE 8.11**
A memory schema for a Chinese consumer

Advertisers must be aware that the material the consumer retains also includes inferential beliefs and cognitive responses. Information that is meaningful to the individual is learned more quickly and has a greater chance of being retained.

## INVOLVEMENT THEORY

**Involvement** is defined as 'an intensity of interest and is a form of arousal related to a motivational state.'[45] Involvement is a reflection of strong motivation in the form of high perceived personal relevance of a product or service. Depending upon perception, we have high involvement or low involvement. It becomes activated when intrinsic personal characteristics (needs, values and self-concept) are confronted by appropriate marketing stimuli. In other words, involvement consists of differences in the intensity of interest with which consumers approach their dealings with the marketplace.

**involvement**
An intensity of interest and is a form of arousal related to a motivational state

### Measures of Involvement

There are a number of different measures of involvement. Some researchers have measured involvement as consisting of a number of dimensions of situational, enduring and response involvement.[46] *Situational involvement* is transitory, and occurs because an event or occasion is important to the consumer; for example, a wedding, watching a favourite television program or having dinner with friends. *Enduring involvement* occurs because the product, service or idea is really important to the consumer. Some consumers, for example, are highly involved in areas of fashion,[47] wine drinking[48] and/or interest in environmental issues.[49] *Response involvement* is how these two types of involvement in the end affect decision making and cognitive responses.

Discuss how consumer involvement can have an effect on consumer behaviour.

Another way to consider the measurement of involvement is to focus on the involvement with advertisements and messages, with products, services and ideas, and with purchase decisions.[50] How to conceptualise or understand the important factors of involvement are shown in Figure 8.12. Usually involvement is measured by using a questionnaire. A shorted version of the involvement scale in terms of involvement with an object (service or product) is shown in Table 8.3. The involvement score is a sum of items 1–10 (some are reverse coded), with a higher score indicating higher involvement.

**FIGURE 8.12**
Conceptualising involvement



INVOLVEMENT = f (Person, Situation, Object)
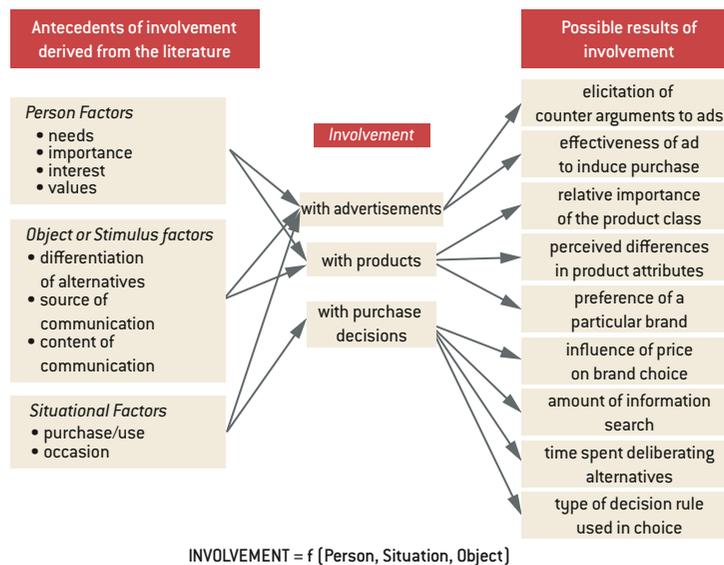
**TABLE 8.3**
A measurement of involvement[51]

| TO ME [OBJECT TO BE JUDGED] IS: | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant* |
| 2 | Boring | - | - | - | - | - | - | - | Interesting |
| 3 | Relevant | - | - | - | - | - | - | - | Irrelevant |
| 4 | Exciting | - | - | - | - | - | - | - | Unexciting* |
| 5 | Means nothing | - | - | - | - | - | - | - | Means a lot to me |
| 6 | Appealing | - | - | - | - | - | - | - | Unappealing |
| 7 | Fascinating | - | - | - | - | - | - | - | Mundane* |
| 8 | Worthless | - | - | - | - | - | - | - | Valuable |
| 9 | Involving | - | - | - | - | - | - | - | Uninvolving* |
| 10. | Not needed | - | - | - | - | - | - | - | Needed |

*Indicates item is reverse scored

Respondents are asked to indicate their agreement to the following statement on the 7-point Likert scale—ranging from 1 (Strongly agree) to 7 (Strongly disagree):

The message/advertisement to me was:

1   interesting
2   involving
3   personally relevant.[52]

## MARKETING APPLICATIONS OF INVOLVEMENT

Involved consumers consider brand differences more closely,[53] pay more attention to advertising[54] and tend to be heavy users of products and services.[55] Involved consumers have shown in eye-tracking research to pay more attention to in-store displays and are more likely to purchase products as a result.[56] Involvement also affects the type of message appeals that should be used by advertisers. In research on product line extensions, informational appeals were preferred in high-involvement situations, whereas positive emotional appeals performed better in low-involvement situations.[57] Involved consumers were also found to be more accepting of new product and service innovations.[58]

Involvement also affects how consumers learn and memorise information, which is also of interest to marketers. Less involved consumers seem to learn more by repetition and classical conditioning,[59] while more involved consumers have been shown to be risk adverse and are more likely to adopt e-commerce and purchase products and services online.[60] Consumer behaviour also differs for products and services that consumers consider to be more important, or to be high involvement. For example, consumers are more likely to use mobile devices to shop for high-involvement products, such as electrical products, footwear and computers, than for low involvement products like bread and DVDs.[61] Consumers who are involved in a purchase decision are more likely to notice reference or comparison prices, but paradoxically are less likely to be influenced by short-term discounts.[62]

It would seem that when dealing with consumers who are highly involved, marketers should present factual and authoritative information, and focus on brand benefits and differences. For low-involvement consumers, the use of positive emotional appeals and basic classical conditioning techniques are more effective. An explanation of why this is the case is explained by a related theory of involvement: central and peripheral routes to persuasion.

## CENTRAL AND PERIPHERAL ROUTES TO PERSUASION

The framework of **central and peripheral routes to persuasion** provides a good illustration of the differences between low-involvement routine purchasing and high-involvement extensive problem-solving. The central tenet of the theory is that consumers only engage in detailed cognitive processing or thinking if the purchase is of high relevance (involvement)

**central and peripheral routes to persuasion**
A dual processing theory of persuasion that suggests that marketers should use arguments that stress the attributes of their product (the central route) for high-involvement decisions, and emphasise the presentation of the message for low-involvement decisions

to them. This is called the central route to persuasion. Consumers are more likely to evaluate information and products carefully, in essence, if the message's arguments influence the attitude to purchase. In the case of low involvement, the peripheral route to persuasion is followed. In this case, the consumer is not motivated to use extensive cognitive effort, and learning is more likely to occur through classical conditioning and repetition, with a focus on the passive processing of visual cues (such as brand names, packaging and images in advertising). This is very much the way passive information processing occurs, as discussed in Chapter 7. The central–peripheral theory is based on experimental research that showed that manipulation of argument quality had a greater impact on consumer attitudes for high-involvement decisions, but manipulation of product endorser had a greater impact for low-involvement decisions.[63]

The marketer's role when designing campaigns for low-involvement consumers, then, is to present pleasant images, such as attractive models.[64] use humour and provide tangible cues such as brand name and labelling, all of which influence the attitudes before purchase. In effect, peripheral cues influence attitudes. The differences between both types of decision making, resulting from involvement, are illustrated in Figure 8.13.

**FIGURE 8.13**
Central and peripheral routes to persuasion
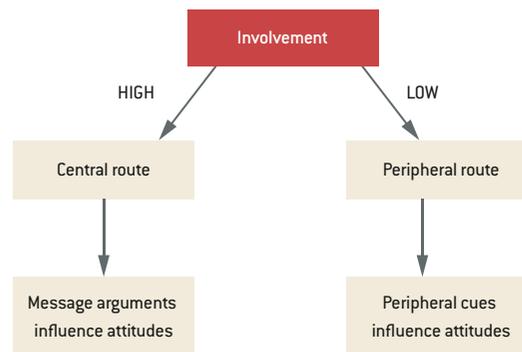


**elaboration likelihood model**
A theory that suggests that a person's level of involvement during message processing is critical in determining which route to persuasion is likely to be effective

This is also called the **elaboration likelihood model** and suggests a person's level of involvement during message processing is critical in determining which route to persuasion is likely to be effective. Therefore, for *high* involvement purchases, marketers should use arguments stressing the attributes of their product—the central route. For *low* involvement purchases, the emphasis should be on the presentation of the message—the peripheral route. Importantly, the most salient source of attitude and brand loyalty for low-involvement consumers is their experiences with the product or service.

Figure 8.14 shows the use of advertising copy that attempts to persuade consumers in terms of the central route, or high-involvement approach—in this case, design and technical information about the Mercedes-Benz. Figure 8.15 shows the use of a low-involvement approach that focuses on the joy of air conditioning using a humorous approach of a hot dog seeking relief.

**FIGURE 8.14**
The use of high-involvement copy in advertising
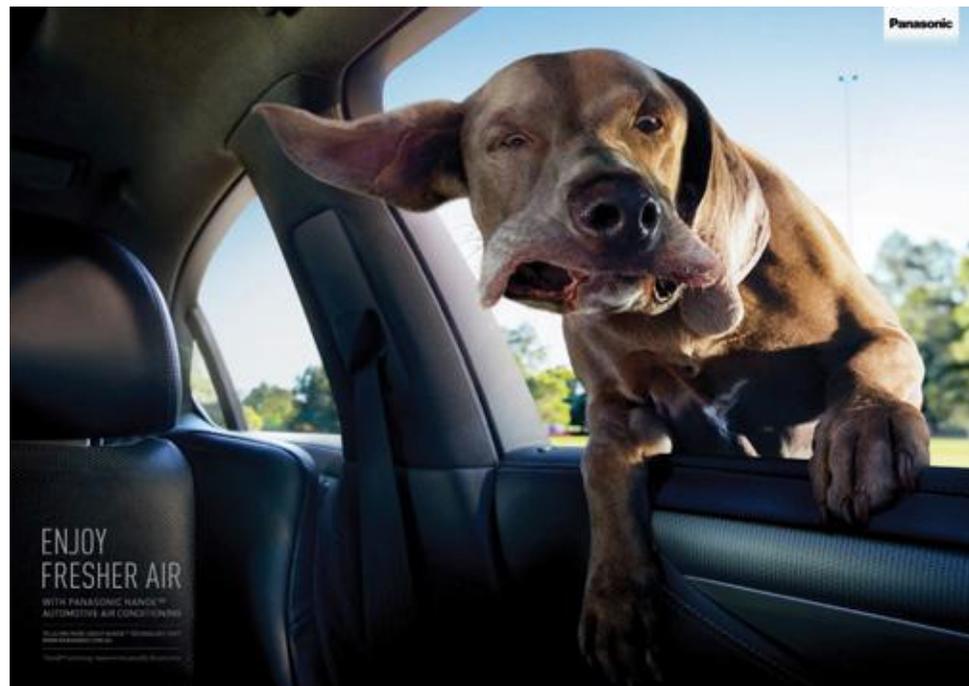


**FIGURE 8.15**
The use of low-involvement copy in advertising

PRACTITIONER PROFILE

2  071473 968010  >

## REBECCA PINI

Rebecca Pini is the founder and managing director of made4media, a full-service creative, marketing and communications agency specialising in creative marketing, traditional and digital communications, brand development and management, social media, advertising, events, creative design and video production. With more than 25 years in television, film, marketing and communications, Rebecca has had extensive experience in many facets of the changing marketing and communications industry.

*How did your career start?*

I began my career at Network Ten in the marketing and publicity department during World Expo 88 in Brisbane. I was in a gap year after graduating from high school and was about to start my university degree in economics when the opportunity came along to work at Channel Ten. It was always my dream to be in television, so I was very fortunate.

*What advice would you offer a student studying consumer behaviour?*

The research of consumer behaviour is fundamental to building a successful marketing strategy. Understanding the consumers needs and wants, as well as their behaviours and values, gives you an edge as a marketer and will ultimately deliver results. Marketers need to know how consumers make decisions and this can only be achieved by studying consumer behaviour.

*How important are consumer insights to what you do and to your organisation?*

My company manages multiple clients and each of them has their own unique consumer profile. For every strategy we work on for a new or existing client, we start with profiling the consumer so we can build a campaign that ensures we can persuade and influence their choices. If we do not understand who we were speaking to, we would be developing a strategy that will fall short of succeeding. Therefore, understanding the consumer is of utmost importance.

*What is the hardest decision you've had to make to date?*

I think for any marketer the hardest decision is to pull a campaign or cancel an event. The hardest decision I have had to make, though, is to close a retail business that I had for five years. The business was going well for the first three years and then the global financial crisis hit. With all the marketing experience that I had,

I essentially was 'flogging a dead horse'. There was no return on any of the marketing investments I was making, so I had to make the decision to close the business. Though this was a very difficult decision, the experience that I gained now serves my current clients well. I am very sensitive when it comes to marketing budgets, and understand that all investments require a return.

### How important is social media to you?

Social media is intrinsic to the marketing and communications landscape—even as little as three years ago this was not the case. Social media is the new platform to market and communicate through, and now sits beside the other platforms like television, radio, outdoor, print and direct marketing that we have been working with for years.

I use social media to profile my company as well as to build relationships. Understanding social media is essential—particularly how to use it effectively in a marketing campaign. It gives marketers the ability to talk directly to the consumers, which is very powerful.

### What has been your favourite project to work on?

After a tragic drowning at a weir, my agency was engaged to develop a safety campaign directed at young teens that lived in a small town outside of Brisbane. We needed to get into the heads of this age group: what their attitudes were, how we could reach them, what language they would respond to etc.

We developed the advertising campaign and most importantly we decided on the touchpoints to deliver the message to them. We focused on their journey to school, which included billboards at the train station, bus exterior wraps and internal advertising. For the weekend, we concentrated on cinema advertising. And finally to reach the parents we arranged an extensive letterbox drop. To engage the teens further we produced a video at the school featuring students, which we then uploaded onto YouTube and encouraged them to share.

The success of this campaign was not measured by the usual sales, but more on community awareness and also that there were no incidents at the weir.

### The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?

Big Brother is well and truly here, with our behaviours and movements being monitored constantly through our phones, purchases and social media. The business of data collection has never been so prolific and with that we are seeing more and more research and data companies popping up selling consumer profiles.

Though I know that as a marketer we will have access to unlimited and accurate information on consumer behaviour, it does worry me that we are all being stripped of our privacy. I can only imagine the type of consumer behaviour data that we will have access in the future. Could it be that we are provided consumer profiles with pictures and videos of individuals? I hope not.

## SUMMARY

1 Understand what is meant by learning.
Learning can be defined as 'a relatively permanent change in behaviour which is linked to experience.'[65] Behaviour is not the only type of learning; there are altogether three types of learning: learning via physical behaviour, symbolic learning and affective learning.

2 Examine the process of learning.
There are four main elements to consumer learning: classical conditioning, where a stimulus is associated with an outcome; instrumental conditioning, where behaviour is learnt to be associated with a positive or negative consequence; cognitive learning, where learning occurs as the result of problem solving; and modelling, where learning occurs as the result of observing others. Learning is important for actions that are repeated frequently by consumers, and is most often associated with low-risk and routine purchase behaviour.

3 Explain how behavioural learning is applied to consumer behaviour.
Marketers can encourage consumers to learn by associating brands with certain outcomes (classical conditioning), rewarding consumers for choosing and continuing to use their products (instrumental conditioning) and by advertising and product demonstrations (modelling and cognitive learning).

4 Understand the process of cognitive learning as applied to strategic influences.
Consumers can also learn cognitively without direct experience, by symbolic learning, or by affective learning that may be gained from advertising. Learning may also occur as the result of problem solving, in that consumers associate brands as providing a solution to them.

5 Explain how consumer memories are formed and how information is retrieved from it.
What consumers learn becomes stored in memory. A consumer's memory is more than recollections of reality, but also includes our associated emotions and feelings, and associations with past events and objects. The three aspects of memory are sensory memory, short-term memory and long-term memory. Key to these are the concepts of rehearsal, encoding and activation. Consumers need to rehearse information in order for it to be stored in long-term memory. Memory is usually encoded, which is where a word or visual image is selected and assigned to represent a perceived object. Memory is bolstered through the process of activation, a process of assimilating new data into old data to make material more meaningful. Marketers can encourage consumers to memorise information by encouraging rehearsals, encoding information with meaningful cues and activating memories by reinforcing links that consumers form between different parts of their memory, or schema.

6   Discuss how consumer involvement can have an effect on consumer behaviour.
    Involvement is also another important consideration for marketers. Involvement is the
    consumer's interest and motivation towards objects, events or messages. It has been
    shown in research that highly involved consumers are more likely to pay attention to
    messages and consider the information and argument presented in them closely. Low-
    involvement consumers are more interested in the presentation of the message, its use of
    images, spokespersons and emotional and humorous appeals.

## KEY TERMS

| | | |
|---|---|---|
| activation | false memory | reinforcement |
| affective learning | information overload | reinforcement schedules |
| central and peripheral routes | instrumental conditioning | response |
| to persuasion | interference | retention in memory |
| chunking | involvement | schema |
| classical conditioning | learning | sensory memory |
| cognitive learning | long-term memory | shaping |
| cue | massed learning | short-term memory |
| distributed learning | memory | stimulus discrimination |
| elaboration likelihood model | motivation to learn | stimulus generalisation |
| encoding | rehearsal | symbolic learning |

## END-OF-CHAPTER QUESTIONS

1   Reread the opening vignette. Do you think consumer loyalty schemes are effective?
    Justify your answers in terms of learning theory.
2   What is the difference between classical and instrumental conditioning?
3   How is it possible for consumers to learn without direct experience?
4   Provide an example of the following in marketing:
    a   learning by classical conditioning
    b   learning by instrumental conditioning
    c   learning by modelling
    d   cognitive learning.
5   Why is rehearsal important for consumer memory? How can marketers encourage this?
6   Describe the process of encoding of memory. Why is this of interest to marketers?
7   What is information overload, and how can it be avoided?
8   What are consumer involvement? Why is it important to marketers?
9   What are central and peripheral routes to persuasion? Why is it important to marketers?
10  Provide an example advertising copy that would suitable for:
    a   high involvement
    b   low involvement.

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# CONSUMER ATTITUDES AND ATTITUDE CHANGE

Hume Winzar
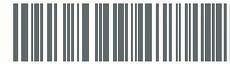
## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1   explain the functions of attitude
2   explain the different conceptualisations of attitude
3   list the components of attitude
4   understand how attitudes are formed
5   understand the relationships between attitude and behaviour
6   describe different approaches of measuring attitudes.

## NSW RTA 'PINKIE' CAMPAIGN ON DANGEROUS DRIVING

How do you feel when you're driving a car fast? How do you feel when the lights change and you can accelerate ahead of the other cars to be in front? It's pretty good for most people. You feel powerful; in charge. People notice and you look good. It's little wonder that a lot of people have very positive attitudes towards fast cars and driving fast. And very few have negative attitudes towards speeding 'so long as you're in control …'.

Young men are the most dangerous drivers: 17–25-year-olds make up 14 per cent of all licence holders, yet they accounted for 35 per cent of all speeding drivers involved in fatal crashes between 2002 and 2006 in New South Wales.[1]

Speeding is predominantly a male problem: 85 per cent of drivers involved in fatal speeding crashes are males. P-platers represent 7 per cent of licence holders but account for 34 per cent of speeding infringements more than 30 kilometres per hour over the limit and 41 per cent of speeding infringements more than 45 kilometres per hour over the limit.

From 2007 to 2011, the New South Wales Roads and Traffic Authority (RTA) (now the Centre for Road Safety) ran a campaign that targeted speeding drivers, particularly younger male drivers.

The 'Pinkie' campaign aimed to make speeding socially unacceptable to young drivers and their family, friends and peers by presenting speeding as an unmanly act. It aimed to undermine men's feelings of cool behaviour and to empower the community to make a stand. This is further reinforced by the tagline 'Speeding. No one thinks big of you'.

The campaign included television, cinema, outdoor, print and online advertising, as well as public relations and regional events. This campaign has been recognised both within Australia and worldwide for the unique way it has challenged the attitudes of young drivers about speeding.

A survey conducted after the last major campaign period found that:

- Fifty-sex per cent of the general population and 60 per cent of young males (17–25 years) said that they would be more likely to comment on someone's driving as a result of seeing the 'Pinkie' campaign.
- Sixty-nine per cent of the general population, and 70 per cent of young male drivers, believed the campaign would have some effect in encouraging young male drivers to obey the speed limit.
- The same high level of 94 per cent of the general population and 94 per cent of young males revealed strong recognition of the anti-speeding message, which aimed to make speeding socially unacceptable and to undermine the perceived pay-off for speeding
- Equal measures of 58 per cent of the general population and 58 per cent of young males recognised the meaning behind the message that speeding is not cool and does not impress.
- Overall, respondents believed the campaign increased community awareness about speeding and understood the campaign's clear anti-speeding message.[2]

The 'Pinkie' campaign won a number of Australian and international awards for social marketing and advertising, and drew a lot of attention from around the world. It added another dimension to the idea of driving fast: that if you have to speed then you are probably compensating for something—that you're not really 'manly'.



**FIGURE 9.1**
RTA's 'Pinkie' campaign

## INTRODUCTION

We all feel that we understand what attitudes are, and we all believe that we only ever do things that are consistent with our beliefs and attitudes. In fact, attitudes can vary widely in different conditions, and we often behave quite differently from what our beliefs and attitudes would normally dictate. When we change an attitude, we are rarely even aware of the change because it's already part of so many other beliefs we hold. In this chapter we consider what marketers and social researchers mean by attitudes, and the very complicated relationships that link attitudes with experience, learning, communication and behaviour. We find that marketing communications rarely have a substantial influence on important attitudes, but that personal experiences can have a profound effect on how we view the world and what we do.

## DEFINING ATTITUDE

Attitude is a word we all know and understand. If we do a Google search for the word, we get something like the following:

noun: attitude; plural noun: attitudes

a settled way of thinking or feeling about something.

'He was questioned on his attitude to South Africa.'

synonyms: point of view, view, viewpoint, vantage point, frame of mind, way of thinking, way of looking at things, school of thought, outlook, angle, slant, perspective, reaction, stance, standpoint, position, inclination, orientation, approach; opinion, ideas, belief, convictions, feelings, sentiments, persuasion, thoughts, thinking, interpretation

This is much the same way we think of 'attitude' in this book, but we shall try to be more formal with the concept, because it is very useful when we try to change someone's attitude. Psychologists and social psychologists try to be more specific with their definitions of attitude. For example, an attitude has been described as:

[A] psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour.[3]

[A] relatively enduring organization of beliefs, feelings, and behavioural tendencies towards socially significant objects, groups, events or symbols.[4]

The American Marketing Association offers the following definitions of attitude:

1   A person's overall evaluation of a concept; an affective response involving general feelings of liking or favourability.
2   A cognitive process involving positive or negative valences, feelings or emotions. An attitude toward an object always involves a stirred-up state—a positive or negative feeling or motivational component. It is an interrelated system of cognition, feelings, and action tendencies.[5]

The first definition from the American Marketing Association simply likens attitude to the degree that you like or dislike something. The second definition highlights the most popular application of attitude—the tripartite model of attitude—which we discuss later in this chapter. Importantly, attitude is directed towards something. To say 'She has a bad attitude' is meaningless in itself. **Attitude** is about how a person feels, positively or negatively, about a particular thing, an idea, a place, a person or a brand.

### Attitude is not the same as opinion

Attitude is the predisposition of the individual to evaluate some symbol or object or aspect of his world in a favourable or unfavourable manner. **Opinion** is the verbal expression of an

**attitude**
How a person feels, positively or negatively, about a particular thing, an idea, a place, a person or a brand

**opinion**
The verbal expression of an attitude; an opinion may not truly reflect an attitude because of the human tendency to censor our actions when the attitude does not reflect well on us personally

attitude, but attitudes can also be expressed in nonverbal behaviour. Attitudes include both the affective (the feeling core) of liking or disliking, and the cognitive (or belief) elements that describe the object of the attitude, its characteristics and its relations to other objects. All attitudes thus include beliefs, but not all beliefs are attitudes. On the other hand, we can see that attitude is a particular kind of belief. An attitude is a belief about how good or bad something is—an evaluation based on other beliefs, and consistent with their combined influence.

## Function of attitudes

The purpose or function of attitudes is worth considering as marketers. Why do we hold attitudes? What is their purpose? If we can understand the reason someone holds an attitude then we might be able to change the attitude by removing or redirecting its purpose. In the 1960s the psychologist, Daniel Katz, wrote that attitudes can serve functions of utility, ego-defence, value-expression or knowledge[6].

Explain the functions of attitude.

### Utilitarian function

The **utilitarian function of attitude** enables us to gain rewards and avoid punishment. We learn from an early age that some behaviours and some objects are good, and others cause harm or difficulty getting what we want. Gaining favourable recognition and approval is almost universally desirable, so we try to do those things that give us approval from the people who are important to us. The university student who values high grades because she wants to be recruited by a prestigious firm has a utilitarian attitude appropriate to the situation.

**utilitarian function of attitude**
The function that enables us to gain rewards and avoid punishment

### Ego-defensive function

The **ego-defensive function of attitude** enables us to project internally held conflicts onto other people or other things. One of the problems with being human is that we have to live with ourselves and the knowledge that we are not as good as we would like to be, or that sometimes what we do is not consistent with what we feel we should do. Many of our attitudes have the function of defending our self-image. When, for example, we cannot admit to ourselves that we have deep feelings of inferiority, we may project those feelings onto some convenient minority group and bolster our egos by attitudes of superiority towards this group. The formation of defensive attitudes differs from the formation of attitudes that serve the adjustment function. Ego-defensive functions proceed from within the person, and the objects and situation to which they are attached are merely convenient outlets for their expression. And when no convenient target exists, the individual will create one. Utilitarian attitudes, by comparison, are formed directly from interaction with the target object. All people employ defence mechanisms, but they differ with respect to the extent that they use them and some of their attitudes may be more defensive in function than others.

**ego-defensive function of attitude**
The function that defends our self-image against conflicting attitudes and behaviour

## Value-expressive function

**value-expressive function of attitude**
The function that enables us to express who we are and what we believe in

The **value-expressive function of attitude** enables us to express who we are and what we believe in. While ego-defensive attitudes have the function of preventing the individual from revealing to himself and to others his true nature, value-expressive attitudes have the function of giving positive expression to his central values and to the type of person he sees himself to be. A man may consider himself to be a sports enthusiast, a book-lover or an outdoors-person, and will hold attitudes that are the appropriate indication of his central values. The reward is not so much about gaining social recognition or monetary rewards but rather of establishing his self-identity and confirming his notion of the sort of person he sees himself to be. Value-expressive attitudes not only give clarity to the self-image but also mould that self-image closer to what we want to be. For example, the adolescent establishes his identity as similar to his own peer group by changing his dress and manner of speech to conform.

Conformity, with a change in attitudes, takes place when individuals enter a new group or organisation. The individual will often take over and internalise the values of the group.[7] Sometimes the individual does not change attitudes to conform to group norms. When that happens there is usually some sort of internal conflict that is only resolved when the individual leaves or changes his beliefs.

To cause real change in attitudes generally requires one or more of the following:

- The values of the new group must be highly consistent with existing values of the newcomer. For example, the young woman who enters the marketing research business will find it good to consider herself a capable researcher because of previously learned values about the importance of discovering new knowledge and sharing it with others.
- The new group must present a clear model of what the good group member should be like. It may also persistently indoctrinate group members in these terms. One of the reasons for the code of conduct for members of professional associations is to establish very clearly what a good practitioner will and will not do.
- The activities of the group must permit the individual genuine opportunity for participation. This is done either by tapping into that person's talents or abilities, or at least allowing that person a voice so that feelings of self-determination are maintained. When this happens then utilitarian functions are allowed to operate.
- Group members must be able to share in the rewards of group activity, which includes their own efforts. An employee may not play much of a part in the operations of a company or make any decisions in it. But if he and his fellow employees are given regular information about the success of the organisation and are invited to announcements and celebrations, they are likely to identify with the company and see themselves as key players in its success.

## Knowledge function

**knowledge function of attitude**
The function that enables us to know the world; it serves to define what is worth knowing and how to judge its value

The **knowledge function of attitude** enables us to know the world. It serves to define what is worth knowing and how to judge its value. Individuals not only develop beliefs and

attitudes to satisfy specific needs, but they also seek knowledge to give meaning to their world. People need standards or frames of reference for understanding the world, and attitudes help to supply such standards. The norms of our culture provide a clear and stable guide to what is proper conduct. So too does the use of stereotypes. What did you expect when you enrolled at university? What is your current image of a 'typical' arts student? How about a 'typical' university lecturer?

Very few people are driven solely by a thirst for universal knowledge. Most citizens don't know who their local state politician is, or how a computer works, for example. And why should they? Many undergraduate students are not motivated to learn all they can about their current subjects, but are only concerned to learn sufficient to earn a degree. And why should they do more? But they do want to understand what impinges directly on their own immediate lives. Moreover, many of the attitudes they have already acquired give them sufficient basis for interpreting much of what they perceive to be important for them. Our already existing stereotypes are an ordered, more or less consistent picture of the world, and we adjust ourselves to them.[8]

## Attitudes are learned

As suggested in the previous section, we learn our attitudes, typically through the well-established processes discussed in Chapter 8. Early attitudes can be formed through:

- *classical conditioning*—for example, inspiring music during a television commercial for a political candidate
- *operant conditioning*—for example, friends making positive or negative responses to your comments about a particular car model
- *vicarious learning*—for example, our parents when we are very young demonstrating 'normal' behaviour and us learning the consequences of that behaviour; advertisers may attempt to influence our attitudes vicariously by presenting a celebrity model using a particular brand of cosmetics—a respected other person demonstrates the consequences of using a product that we can buy too
- *mere exposure*—for example, a particular brand of car being driven by the star in a regular television show each week; because it's only seen in passing, we don't see the image as an attempt to influence us, so we don't make any conscious judgements for or against the presentation itself, but we remember the brand in a favourable light.



Understand how attitudes are formed.

## STRUCTURE OF ATTITUDES

It is useful to think about attitudes in terms of their different parts. In this section we consider two general approaches to the parts of an attitude that are regarded as standard knowledge in psychology and social psychology generally, and in consumer behaviour in particular.



Explain the different conceptualisations of attitude.

List the components of attitude.

## Psychological approaches to attitude

### Tripartite model of attitude

The **tripartite model of attitude** posits that most attitudes have three parts: how we think about an object, how we feel about that object and what we'd like to do about that object. These components are generally given the titles: cognition (thinking), affect (feeling) and conation (willing or doing).[9]

### Cognitive component

**tripartite model of attitude**

The theory that most attitudes have three parts: how we think about an object, how we feel about that object and what we'd like to do about that object; these components are generally given the titles cognition (thinking), affect (feeling) and conation (willing)

The cognitive component of attitude involves a person's belief or knowledge about an attitude object. For example, 'I believe that the iPhone is easier to use than other smartphones' or 'Being able to do a doughnut in the car park demonstrates driving skill'.

### Affective component

The affective component of attitude involves a person's feelings or emotions about the attitude object. For example, 'I love how swipes make things happen on the screen' or 'I feel proud when I can take off at the lights quickly'.

### Conative component

The behavioural (or conative) component of attitude involves the way the attitude we have influences how we act or behave. For example, 'I will avoid spiders and scream if I see one'. Willing is about a feeling of wanting to do something. Often we don't always carry out what we would want to do (especially if there are negative social or physical consequences), so conation is more about a feeling about what we would do rather than the 'doing' itself.

The three components—cognition, affect and conation—are usually linked. For example, one could feel pride in showing a skill (affect) because one believes that skill is admired by others (cognition). However, there is evidence that the cognitive and affective components of behaviour do not always match with actual behaviour. There is often a lot that can get in the way between what we'd like to do and what we actually do.

The tripartite model of attitude is one of many models that are known as hierarchy of effects models, so called because the researcher or marketer takes the view that consumers move through certain stages in, for example, the buying process. The theory is that the consumer must progress through the stages, or hierarchies, one step at a time. You can't rearrange the stages or skip over them. The tripartite model from the late 1890s thus gives us a standard advertising effects model of attention and interest (cognition), desire (affect) and action (conation)—or AIDA.[10] A similar logic was used by Lavidge and Steiner in 1961 for their advertising model: awareness and knowledge (cognition), liking and preference (affect), and conviction and purchase (conation).[11] So generally, as marketers, we try to make our tasks easier by assuming that people go through certain stages in a particular

order. The assumption is often made that people develop attitudes the same way: learning about an idea (cognition), developing favourable or unfavourable feelings about it (affect) and then resolving to behave in a certain way about the object (conation). The idea that attitude causes behaviour is a convenient one for most marketers because it gives us the feeling that if we can have an effect on people's attitudes then we can influence their behaviour. Unfortunately, this is rarely the case.

Not surprisingly, some researchers have found that most people do not go through those stages of a hierarchy of effects in that nice order, or they may skip some steps altogether. Let's think about our own behaviour to help us understand the steps in that attitude and decision process.

Do you use a particular brand of toothpaste? Why? If you answer that you prefer the taste, or that you think it cleans your teeth better than the others, then you probably just made that up. In reality, most people don't think about why they buy regularly purchased products, and they rarely have gone to the trouble of buying and tasting all of the alternatives. It's just not that important. More likely, you have a favourable attitude towards Colgate toothpaste because it's the brand that you have always used. You grew up with the brand and there was rarely any other in the home. Behaviour preceded your beliefs and feelings. If you said that you prefer the taste, or some other reason, then you have probably demonstrated the ego-defensive function of attitudes: it doesn't make much sense to buy something for no good reason, so we manufacture a rational reason to make ourselves feel better about what we currently do; in other words, you create a rationalisation.

Other researchers have suggested that sometimes feelings precede beliefs; that is, that there may be a process of affect, then cognition and then conation. More likely, the consumer is going through an iterative process of lower-level cognition and affect. The cycle starts with, say, an advertising message that prompts simple awareness (cognition) of the ad and an amusing image (affect). This may result in a resolution to pay more attention (conation) the next time the ad plays. With repeated viewings the consumer learns a little more and feels more strongly in favour of the brand (or not) and then makes a more tangible resolution to trial when the opportunity arises.[12]

## Social psychological approaches to attitude

In the 1970s psychologists were researching different ways we could measure and influence attitudes in a scientific way. One simple approach was to consider the components of an object (such as a brand or another person) and also how important those components were for each person. For example, we might find that important components of a cafe are perceived quality of the coffee, price and atmosphere. We might ask a respondent to what extent this cafe has the attributes of quality coffee, a low price and a pleasant atmosphere. Then we would ask how important each of those attributes is to the respondent.

### Expectancy-value theory

The **expectancy-value theory** is often simply the **attitude towards the object model**. In 1975, psychologist Martin Fishbein suggested that a person's attitude towards an

**expectancy-value theory**
The theory that attitudes can be defined by what a person expects of an object and what value is placed on those expectations; frequently, expectancy-value theory is measured with the attitude towards the object model

**attitude towards the object model**
A simple mathematical expression of expectancy-value theory where attitudes towards an object are expressed by the attributes that may be contained in the object, the expectations that a person has of each of those attributes, and the value (or importance) that the person has in those expectations

object—such as a job, a person or a brand—was a function of what specific features were of interest, the extent that the person believed that the object held those features, and the extent that the feature was important.[13] That is, attitude-towards-the-object ($A_o$). Mathematically, we can express the model with:

$$A_o = \sum_k^{i=1} B_i E_i$$

Where there are 'k' attributes of the object, $B_i$ = beliefs (or the likelihood that each object possesses each of the attributes) and $E_i$ = evaluation (or the importance of the attributes).

### Example of the $A_o$ model

Let's say you are considering two different job opportunities: Firm A and Firm B. How do you decide which is more attractive? This is the sort of question that large firms of management consultants, accounting and law firms are interested in when recruiting the best graduates from business schools. Preliminary research might show that graduates are interested in many things, but the following are most important:

*   starting salary
*   chance for rapid rise in the organisation
*   variety and range of learning opportunities
*   prestige of the firm.

Respondents are asked to think about each of those criteria and judge how important each is to them personally. Different scales can be used depending on the needs of the research, such as the 7-point scale depicted in Table 9.1.

**TABLE 9.1**

Evaluation of a feature: $E_i$ in the expectancy value model

| | EXTREMELY BAD | MODERATELY BAD | SLIGHTLY BAD | NEITHER GOOD OR BAD | SLIGHTLY GOOD | MODERATELY GOOD | EXTREMELY GOOD |
|---|---|---|---|---|---|---|---|
| Starting salary | −3 | −2 | −1 | 0 | 1 | 2 | 3 |
| Rapid rise | −3 | −2 | −1 | 0 | 1 | 2 | 3 |
| Variety | −3 | −2 | −1 | 0 | 1 | 2 | 3 |
| Prestige | −3 | −2 | −1 | 0 | 1 | 2 | 3 |

Note in Table 9.1 that the scale is a rating scale. Other researchers prefer to use a constant sum scale, where the respondent is asked to allocate, say, 10 points to the four criteria as indicators of their relative importance: all four evaluations must sum to exactly 10. After the importance $E_i$ is measured, each respondent is asked to judge each of the objects under consideration in terms of the likelihood that the firm has those criteria (the $B_i$ part of the expectancy value model); that is, they see the following question about both Firm A and Firm B (see Table 9.2):

Use the following scale to indicate how likely it is that Firm A possesses the characteristic.

| | EXTREMELY UNLIKELY | MODERATELY UNLIKELY | SLIGHTLY UNLIKELY | NEITHER LIKELY OR UNLIKELY | SLIGHTLY LIKELY | MODERATELY LIKELY | EXTREMELY LIKELY |
|---|---|---|---|---|---|---|---|
| Starting salary | −3 | −2 | −1 | 0 | 1 | 2 | 3 |
| Rapid rise | −3 | −2 | −1 | 0 | 1 | 2 | 3 |
| Variety | −3 | −2 | −1 | 0 | 1 | 2 | 3 |
| Prestige | −3 | −2 | −1 | 0 | 1 | 2 | 3 |

**TABLE 9.2**
Belief that an object possesses a feature: $B_i$ in the expectancy value model

To calculate the consumer's attitude about each firm using the attitude towards the object model, multiply the attribute evaluations by the objects' rating and then sum for each firm. Here in Table 9.3 is how one respondent, Steve, made his evaluations.

| | $E_i$ | $B_i$ (FIRM A) | $B_iE_i$ (FIRM A) | $B_i$ (FIRM B) | $B_iE_i$ (FIRM B) |
|---|---|---|---|---|---|
| Starting salary | 1 | −2 | −2 | 3 | 3 |
| Rapid rise | 3 | 2 | 6 | −2 | −6 |
| Variety | 3 | 3 | 9 | −1 | −3 |
| Prestige | 2 | −2 | −4 | 2 | 4 |
| **Total $A_o$** | | | +9 | | −2 |

**TABLE 9.3**
$A_o$ calculation for two employers

We can see that Steve regards all four criteria favourably, but sees Rapid Rise and Variety as most important, with 3 points each, and Prestige and Starting Salary as less important, with 2 and 1 points respectively. Steve has quite different views of the two firms. Firm A is not very prestigious, but has plenty of variety and very good chances of a rapid rise, except the starting salary is low. Firm B, by contrast has a very high starting salary, but Steve believes that there is lower chance of rapidly rising in the organisation and little variety in the work, even though the firm is quite prestigious. So Steve assesses that Starting Salary is unlikely to be good at Firm A (−2), but good at Firm B (+2). He gives Rapid Rise +2 to Firm A and −2 to Firm B, Variety +3 to Firm A and −1 to Firm B, and Prestige −2 to Firm A and +2 to Firm B. When the belief scores for each firm are multiplied by the evaluation scores for each feature, we get a total attitude towards the object ($A_o$) measure for Firm A of +9 points and a total for Firm B of −2 points. Clearly, Steve has a more favourable attitude towards Firm A. Those values of +9 points for Firm A and −2 points for Firm B make a useful summary. Almost as valuable is that we can see how we derived the scores for Steve. The low score on Firm A on Starting Salary was compensated for by higher scores on the other criteria.

Note, the $A_o$ measures themselves don't mean anything on their own. They are only useful as a comparison tool, and even then it would not be appropriate to say that, for example, Firm A is 4.5 times more attractive than Firm B. Here, we can only say that there is an 11-point difference between Firm A and Firm B. Recalling your business statistics or marketing research class, the $A_o$ is not a ratio scale—it is an interval scale (at best).

### Using $A_o$ to change attitudes

Fishbein's expectancy-value model provides a fairly straightforward method for quantifying the attitudes of individuals towards objects. Importantly, it helps us to understand why those attitudes have formed, and offers some tips on what we can do to change those attitudes.

The expectancy-value model deals with three elements: a list of criteria, the personal importance of each criterion, and beliefs about the extent that each criterion exists in the different objects. A change in any of these elements could cause a change in the measured attitude; that is, we can change a person's attitude by:

- adding a new attribute to the object
- adjusting the importance of attributes
- adjusting the perceived likelihood that a brand possesses an attribute

#### *Adding a new attribute to the list of evaluation criteria*

The four criteria that we used in the study of attitudes towards potential employers were the four most popular criteria that we found in a series of focus groups among graduating students. That doesn't mean that these are the only criteria for all graduating students. Almost certainly there are other criteria that individuals will regard as important. Other criteria that could be added to the list might include: risk of dismissal after probation, opportunity for international travel, and likelihood of being moved interstate.

What do you think might be Steve's evaluation of Firm A if we inform him that the likelihood of rapid rise is because most new recruits are fired in the first year? We have added a new criterion to the list, and suggested reasons that Steve might regard it as important.

#### *Adjusting the importance of attributes*

Looking at the calculation of Steve's attitude scores we can see that he does not value Starting Salary as highly as some other criteria. What if we persuaded him that salary should be more important, and that he is unlikely to stay with the firm for very long, so Rapid Rise should be less important. If we do that, then his overall evaluations of the two firms are almost reversed!

With this approach we are attempting to change a person's attitude towards a specific criterion. If we change Steve's attitude towards Starting Salary then we change his attitude towards the potential employers; that is, attitudes are generally hierarchical in structure. Our attitudes towards employers, brands or other objects are often the aggregation of our attitudes towards more fundamental objects.

When one's attitude towards an object is a function of one's attitude towards more basic and firmly held values then, clearly, changing the importance of an attribute is likely to be the most difficult task for a marketer.

*Adjusting the perceived likelihood that a brand possesses an attribute*

Adjusting the perceived likelihood that a brand possesses an attribute will change the overall evaluation of the brand. This is a much less difficult task for the marketer. While it may be very difficult to change Steve's evaluation of the importance of advancement in the firm, we could more easily change his beliefs; for example, that Firm B has a program for rapidly promoting good employees.

The theory of planned behaviour was brought about to address the clear discrepancy between attitudes and actual behaviour. Expectancy-value theory is fairly straightforward to understand and to operationalise into good measures so that the marketer can understand where the best approaches to attempt attitude change are. The problem that Martin Fishbein found with his ground-breaking attitude towards the object model is that he and his colleague, Icek Ajzen, learned that often there was very little relationship between attitude towards the object and actual behaviour towards the object; that is, often a consumer has a very favourable attitude towards a brand but never buys the brand. Similarly, we often see consumers buying a brand that they say they don't really like. How can that be?

## Theory of planned behaviour

Attitude towards the object is not the same as attitude towards buying and owning the object. For example, a consumer may have a very favourable attitude towards BMW motorcycles. When he looks at a BMW motorcycle he sees a work of art conjoined with engineering excellence. Combine that with the consumer's attitudes towards motorcycles generally—which for him evoke speed, excitement, freedom and power—and we can see why this consumer likes BMWs so much. But this same consumer has a very different attitude towards buying and owning a BMW motorcycle. When we think about buying and owning a motorcycle then a completely different set of attributes and evaluations comes into play. The consumer has to think not only about the vehicle itself but also the consequences of purchase and of using the vehicle. Those consequences might include risk of personal injury, cost of purchase and responses from important others, such as close friends and family. Can you think of anything that you really wanted, to which your family said 'No'?

The theory of planned behaviour[14] posits first that behaviour comes about not from attitudes themselves but from behavioural intention. You may plan to buy a product but any number of events may prevent you from doing so, or even cause you to buy some other product. Second, the theory of planned behaviour model posits three distinct groups of attitudes that combine to affect behavioural intention:

1  attitudes towards the behaviour itself
2  attitudes towards what other people think of you doing the behaviour
3  attitudes towards your own ability to carry out the behaviour.

Each of these attitudinal factors can be operationalised in the same way as we created the attitude towards the object model.

*Attitude towards the behaviour*

**attitude towards the behaviour**
Beliefs about the consequences of the behaviour, moderated by evaluations of how important those consequences are to the individual

**Attitude towards the behaviour** is given by beliefs about the consequences of the behaviour, moderated by evaluations of how important those consequences are to the individual.

$$\sum_{k}^{i=1} C_{Bi} E_{Bi}$$

Where $C_{Bi}$ is the perceived consequence of component 'i' of behaviour 'B', and $E_{Bi}$ is the evaluation, or importance, of component 'i' of behaviour 'B'.

For example, measurement of attitude towards consequences of driving might include:

1   Driving fast gives me a sense of power.
2   Driving fast shows my driving skills.

Measurement of the importance of consequences might include:

1   Having a sense of power is important to me.
2   Good driving skills are important to me.

*Subjective norms*

**subjective norms**
Beliefs about what other people think; normative beliefs are moderated by motivation to comply with those other people

Attitude towards what other people might think about my actions, more formally called **subjective norms** (SN), is given by beliefs about what other people think, 'Normative Beliefs', moderated by Motivation to Comply with those other people.

$$\sum_{h}^{i=1} B_{Ni} M_{Ni}$$

Where $B_{Ni}$ is the ith normative belief, and $M_{Ni}$ is the motivation to comply with a specific normative belief.

Measurement of normative beliefs about speeding might be:

1   My friends like to see me drive fast.
2   My parents like to see me drive fast.

Corresponding measures of motivation to comply might be:

**perceived behavioural control**
Attitude towards one's own ability to carry out a behaviour, as given by perceived capacity and autonomy: perceived capacity or beliefs about one's ability to carry out an action, moderated by perceived ability to exercise that control

1   It's important to go along with my friends.
2   It's important to go along with my parents' wishes.

*Perceived behavioural control*

**Perceived behavioural control**, or attitude towards one's own ability to carry out the behaviour, is given by capacity and autonomy. That is, control is given by perceived capacity or ability to carry out an action, moderated by perceived ability to exercise that control. Autonomy is grounded in the idea of self-efficacy—a person's belief in his or her ability to succeed in a particular situation.

$$\sum_{j}^{i=1} B_{Ci} A_{Ci}$$

Where $B_{Ci}$ is the belief that one is capable to carry out the ith part of a behaviour, and $A_{Ci}$ is the perceived autonomy to control that part of a behaviour.

For example, capacity can be measured with questions such as:

1   It's easy to go over the speed limit without even knowing it.
2   My car can reach the speed limit, and over, about as quickly as most other cars.

A corresponding measure of autonomy might include:

1   I can decide for myself whether I drive fast or not.
2   Sometimes I find that I can't help myself but slam my foot on the accelerator.

Overall behavioural intention (BI), then, is given by the sum of all three factors: attitude towards the behaviour (AB), subjective norms (SN) and perceived behavioural control (PBC):

$$BI = (W_1)AB + (W_2)SN + (W_3)PBC$$

Where the Ws are weights reflecting the relative importance of each of the three factors.

In practice, researchers and marketers rarely try to measure a complete **theory of planned behaviour** model. Instead, it serves as a useful framework for thinking about the different features that affect a person's attitudes and the subsequent behaviours that are elicited by those attitudes (see Figure 9.2).

**theory of planned behaviour**
A more complicated and more useful extension of expectancy-value theory where behaviour is a function of behavioural intention, which in turn is affected by three distinct groups of attitudes that combine to affect behavioural intention: attitudes towards the behaviour itself; attitudes towards what other people think of you doing the behaviour; and attitudes towards your own ability to carry out the behaviour
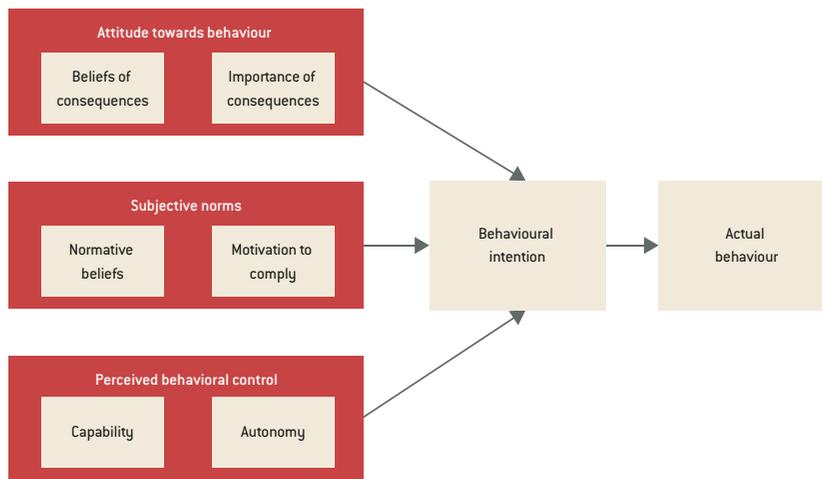


**FIGURE 9.2**
Theory of planned behaviour

### Using the theory of planned behaviour to change attitudes

In much the same way that attitude towards the object can be changed by attempting to change the components of the attitude, the theory of planned behaviour gives not three but as many as nine components to address. Of course, which factors are likely to have any effect on attitudinal and behavioural change depend very much on the type of attitude

and the type of behaviour we are considering. You can probably make a good guess at what strategies are available to the marketer when using the theory of planned behaviour.

Understand the relationships between attitude and behaviour.

*Change the attitude towards consequences of the behaviour*

- *Add a consequence of behaviour.* Most drivers are aware of the potential consequences for themselves of crashing a car, but do they take into account the effects on other people if others are hurt? For example, recent road safety messages focus on the likely feelings of grief if a driver was responsible for hurting their passenger girlfriend, a pedestrian or a baby.
- *Change the relative importance of the consequences.* This is a relatively difficult strategy because it depends largely on pre-existing and more firmly held attitudes. Losing points from your licence for speeding is one thing, but losing your licence altogether is much worse. A recent campaign by the Queensland Department of Transport and Main Roads featured a series of advertisements where a worker risked losing his job because he wasn't able to drive as a regular part of his work. The campaign emphasised the importance of the consequences of losing a licence by reminding drivers (adding consequences to the consequences) that they risked disrupting not just their own lives but also those of their employers and family members because other people were obliged to work around the driver's inability to contribute.
- *Change the perceived likelihood of a consequence.* For example, the NSW Centre for Road Safety is currently running a campaign titled: 'Speeding? You're in our sights' (see Figure 9.3). This is specifically designed to encourage speeding drivers to understand that they are more likely to be booked.

**FIGURE 9.3**
'You're in our Sights' campaign

*Change subjective norms*

- *Add a new significant reference group.* Most of us are very aware of our immediate reference groups: our close friends, the people we work and play sport with, and so on. But frequently we forget about other reference groups, such as parents, other family members or people we worship with. Just raising them in a discussion can affect how people behave in a situation.
- *Change the perceived beliefs of a reference group.* The 'No one thinks big of you' campaign discussed at the beginning of this chapter is a direct attempt to affect young drivers' beliefs about what other people may think. It causes drivers to think about how important reference groups (society generally, young women and the drivers' mates) might think about them when they speed.
- *Change the motivation to comply with the reference group.* This is usually a more difficult strategy for marketers. The value of a reference group is usually fairly stable in the short to medium term. The need to 'go along with the group' usually is too strong to be changed by mere marketing efforts.

*Change perceived behavioural control*

- While motivation to comply is a difficult attitude to change directly, it may be possible to remind people that much of their own behaviour is within their control. At the time of writing, the NSW Centre for Road Safety was promoting a 'Slow down pledge', where prominent citizens, sports champions, hospital surgeons and others publicly promise not to speed and not to get into a car with someone else who speeds.

## Attitudes rarely predict behaviour

Some attitudes are about broad principles, while actual behaviours are very specific. You might buy an iPhone, not just a mobile phone. You might think that giving to charity is a good thing to do, but decline when you receive a phone call from a particular charity. You believe that driving above the speed limit is dangerous and often stupid, but regularly drive about 5 kilometres per hour above the limit when on long country highways. Each of these actions is related to not just one attitude but to a complicated arrangement of other, sometimes competing attitudes that affect one's perceptions of the circumstances, of the action itself and about how the behaviour is communicated.

To a large extent, expectancy-value models, such as the attitude towards the object model and the theory of planned behaviour model, assume a conscious thought process in which a consumer thinks through an atomised collection of object features and then calculates an aggregated sum of these evaluations. Do you see yourself as undertaking such a complicated algebra inside your head? For really important issues many of us really do try to weigh up the different factors of a decision, when there is enough time, and when we have the mental capabilities and motivation to do so. But for most evaluations it's too hard, or there is not enough time or it's not important enough. An alternative view is that much of this processing is not a conscious calculation but instead the link between attitude

and behaviour depends on how well we can draw relevant attitudes into mind in specific situations.[15]

## Self-perception theory

As well as not predicting behaviour, some researchers have pointed out that quite often there are no real attitudes towards an object or an issue until after some behaviour has occurred; that is, often behaviour causes attitude, not the other way round. As we asked earlier in this chapter, you probably use a particular brand of toothpaste most days. Why? You are likely to say that the taste or performance is better than other brands. But how could you know this if you haven't tried many other brands? You've really just manufactured your attitude towards the brand to explain your current behaviour. Self-perception theory is particularly applicable when the topic is not very important, or when it's difficult to resolve ambiguous or conflicting perceptions and attitudes.[16]

## Attitude-to-behaviour process model and motivation and opportunity as determinants (MODE) model

The theory of planned behaviour and similar models assume that individuals are sufficiently motivated to think through the link between their attitudes and behaviour. Also implicit in such models is that individuals have the opportunity, the time and the resources to think about what they are doing. If individuals are not motivated or they do not have the opportunity to thoughtfully consider their behaviour and how it fits with their prior beliefs, then behaviour is likely to be spontaneous, and linked only to momentary emotions. Another psychologist, Russel Fazio, has pointed out that attitudes are drawn from memory about past experiences or other learning events.[17] When we see a cockroach, we vary rarely take the time to think about our attitudes towards hygiene, and we may not think at all about how other people may feel about stamping on it. For many of us there is an immediate feeling of revulsion and a very quick attempt to either attack or, for some people, to run away. According to Fazio's **attitude to behaviour process model** (see Figure 9.4), our behaviour often is not the result of consideration of all aspects of a situation, but rather is a quick and unconscious result of attitudes activated from memory by the immediate situation. Because very few attitudes can be activated at one time, we are much more likely to react emotionally rather than rationally. If the attitude is not activated then the attitude cannot affect behaviour.[18] In some situations an attitude may not be activated, which means that the consumer will not be able to use it to help make an evaluation. Indeed, the cues that cause memory to bring up particular attitudes may be counter to an otherwise preferred behaviour. For example, if I receive a phone call from a stranger then my immediate feeling is that I am being interrupted from my work or from my leisure. I have an attitude about social situations that it is rude to interrupt people. At that moment my feeling is not favourable to the person on the other end of the phone call, even though the charity that she is calling for is one I like. At the moment of the phone call, my immediate response is a feeling about being interrupted, and I do not bring up from memory any attitude towards charity. As a result, any beliefs about the goodness or otherwise of the charity do not affect my behaviour: I hang up.

**attitude to behaviour process model**
The idea that our behaviour is a quick and unconscious result of attitudes activated from memory by the immediate situation, causing us to react emotionally rather than rationally

| Attitude activation | → | Selective perception | → | Immediate perceptions of the attitude object | → | Definition of the event | → | Behaviour |

The activation of an attitude serves to direct our interpretation of the situation. Imagine you are at the front of the traffic lights in your car. It's a very busy road. Around you are many other drivers also keen to get to where they're going. What comes to mind? Many people think, 'I should get ahead of these people—get some distance from them so I can feel comfortable.' In this sense, attitudes are very close to emotions. The situation activates feelings of being crowded in and of losing freedom. The conscious expression of that feeling is an attitude that you don't like being around so many other bad drivers, and you have an opportunity to get away from them. In that situation, selective perception is likely to take over: We see around us only bad and selfish drivers. Importantly, other attitudes, such as attitudes towards speeding or about the value of considerate driving, may be suppressed.

The theory of planned behaviour, and similar models, imply a mostly conscious deliberation about behaviour as the weighted aggregation of many different attitudes. The attitude to behaviour model, on the other hand, implies a more impulsive, emotional link between simple attitudes and behaviour. We can probably see some occasions when we have acted impulsively and other occasions when we have acted thoughtfully. What makes the difference? Fazio's **motivation and opportunity as determinants (MODE) model** attempts to integrate these two different explanations of attitude and behaviour.[19] According to the MODE model, we may only bring out of memory a limited number of attitudes related to the situation; those attitudes that are not activated cannot influence behaviour. Thus individuals must be both motivated to bring up relevant memories and have the opportunity to exercise their motivation, otherwise behaviour is spontaneous and ill-considered. Only some situations are important enough to arouse our motivation to think about all of the alternative behaviours and the consequences of each behaviour. Even if individuals are motivated, they must have the opportunity to think through their actions. Thus *Mo*tivation and *O*pportunity are the main *DE*terminants of behaviour (*MODE*).

Thinking about a situation and weighing up our attitudes about consequences, and how other people may think, all require effort. To apply effort we need to be motivated. We also have to be capable of applying such cognitive effort; that is, a consumer needs to be smart enough, and have enough time, to recognise and weigh the various issues, and she has to want to make that effort. Motivation to think about a situation would be a function of being able to recognise the consequences of the decision or behaviour. Opportunity to make an effortful evaluation of the situation also is likely to affect the decision-making processes. If there is no time to gather one's thoughts then simple heuristic evaluations are likely to occur.

**motivation and opportunity as determinants (MODE) model**
The idea that we may only bring out of memory a limited number of attitudes related to a situation; if we are not motivated to bring up relevant memories, and then have the opportunity to exercise this motivation, our behaviour will be spontaneous and ill-considered

## Behavioural psychological approaches to attitude

Earlier in this chapter, and in Chapter 8, we discussed briefly how attitudes may be learned through various conditioning processes in early life. Classical conditioning and operant conditioning come from a strong tradition in behavioural psychology, where we come to understand how behaviour is affected by a system of rewards and punishments. The underlying philosophy of behaviourists is that we can never know for sure what is going on inside someone's head—we can only know what they do. That doesn't mean, of course, that behaviourists don't believe that something is happening to someone's thought processes and emotions. With this in mind, many psychologists have taken an interest in the effects of learning and changing attitudes through encouraging people to act out or repeat behaviours to cause attitude change. This is a very different approach from changing attitudes. Instead of changing attitudes in order to change behaviour, we make changes to behaviour that then cause a change in attitude, which should change behaviour in other similar situations.

### Role-playing

**role-playing**

Where people in small groups are encouraged to 'play' at being in another specific role for a short time; the actor tends to take on the values and attitudes of the person in that role

In a **role-playing** exercise a person is asked to act out a particular role; usually one that is very different from what they normally do. The purpose of role-playing is to encourage people to think about what they are doing and why. As a result people will expand their awareness of different viewpoints. Role-playing is not very easy for researchers or marketers to achieve with a large audience, but it is a very effective method for small groups, especially when the attitudes and behaviours are sensitive. Researchers have found that our own memories for what really happened in a recent event can be changed by simply asking people to tell the story to others—people elaborate on the story and then begin to believe that the new elaborated story is the truth.[20]

People tend to take on the values of the role that they are asked to play. Have you noticed that sometimes people's attitudes and behaviour seem to change when they move to a new role in an organisation? When the general employee is promoted to supervisor? Often they feel that the new role requires a particular behaviour. And, of course, sometimes they are simply responding to a different set of rewards and expectations. In the 1970s the psychologist Philip Zimbardo conducted the famous Stanford Prison Experiment.[21] Volunteer university students were randomly allocated into two equally sized groups: 'guards' and 'prisoners'. Zimbardo provided the 'prisoners' with symbols of imprisonment: drab ill-fitting overalls. He then provided the 'guards' with symbols of authority—uniforms, clubs and whistles—and told them to establish some prison rules and to enforce those rules. Very quickly, some of the 'guards' became increasingly harsh, domineering and occasionally violent. The 'prisoner' students also internalised their role, almost immediately becoming docile and resentful of their position. Some suffered emotional breakdown, while others attempted violent rebellion. Others became withdrawn and passively resigned to the situation. The internalisation of roles by the two groups of students was so extreme that Zimbardo's assistant feared that there might be severe violence or even a suicide. She persuaded Zimbardo to terminate the study, which was expected to run for two weeks, after only six days.

### Habit

Doing the same thing in a routine way gives us pleasurable rewards. **Habit** doesn't require a lot of thought, so our brains are happy. Habit comes about with a cycle of behavioural rewards and punishments. How often do you check your phone for messages? Is it possible for you to sit in front of a computer without launching Facebook or some similar social networking app? Each contact on a social network site is a little burst of psychological reward, telling us that we are a part of a group. And, of course, it can be a huge waste of time. Changing our behaviour so that we develop better use of time and of our energy is not easy. It requires a lot of willpower and self-awareness to recognise what rewards we are seeking, and then to establish alternative ways of gaining the same rewards. Over time, such behaviour can become automatic. And with that our attitudes towards ourselves and towards other people change.

**habit**
Behaviour that is automatic—done with no, or very little, thought; breaking a habit requires deliberate and difficult effort, and over time a new behaviour becomes habit

### Foot-in-the-door

People tend to comply with a larger request if they have already agreed to a smaller favour. Known as an old door-to-door sales technique, salesmen found that people were more likely to listen to a sales pitch, and buy, if they had first agreed to let the sales person through the door. **Foot-in-the-door** is based on a psychological principle called the rule of commitment, where people feel a social obligation and a personal obligation to continue with something that they have publicly agreed to do, even when the terms of the agreement change. How would you respond if a friend asked, 'May I borrow your textbook for an hour?' Now she asks, 'May I borrow the book overnight?' And the following day she asks 'May I borrow the book for the week?' Foot-in-the-door is not usually seen as a strategy for attitude change, but it has the possibility of making such behaviour routine, with the accompanying change in attitude so that we persuade ourselves that this is normal and proper.

**foot-in-the-door**
A behavioural change strategy that takes advantage of people's tendency to continue with an agreement even when the terms of the agreement change; when a person agrees to a small request, she is more likely to agree to a larger request

### Door-in-the-face

People tend to agree to a smaller request if they have just refused a larger request. For example, a charity organisation may ask for a large donation of time to help out with some big program. You'd like to help but you can't donate all that time because you have other commitments. The charity then asks for a small cash donation. This you can afford and, after all, it's a worthy charity. The chances are that your donation is significantly larger than what you would have donated if the charity just called you for money. **Door-in-the-face** works for some marketers because consumers feel that the second request is a fair compromise for what had been refused earlier.

**door-in-the-face**
A behavioural change strategy that takes advantage of people's tendency to concede to a smaller request after they have refused a larger request

## VALUES AND SELF-PERCEPTION

How do you feel when you do well in an examination? How do you feel when you do badly in an examination? When we succeed, most of us believe that the success is due to our own cleverness and hard work. When we fail, many of us believe that the failure is due to something other than ourselves: the unfair difficulty of the test, or even the bias of the

tester. This is one example of the ego-defensive function of attitudes: we can't bear to feel bad about ourselves. It's also an example of a larger theme in consumer psychology called attribution theory.

## Attribution Theory

**attribution theory**
A theory that explains how a perceiver uses information to arrive at explanations about cause and effect for events

**Attribution theory** deals with how a perceiver uses information to arrive at explanations about cause and effect for events. As human beings, we try to find reasons for events. When we see ourselves or someone else behaving in some way, we attribute some cause for the behaviour, usually based on only the evidence we see in the immediate situation, moderated by any pre-existing attitudes we have about that person or situation. A person can make two types of attribution: internal attribution and external attribution.[22]

**FIGURE 9.5**
Attribution theory: blaming others for the negative consequences of our own behaviour
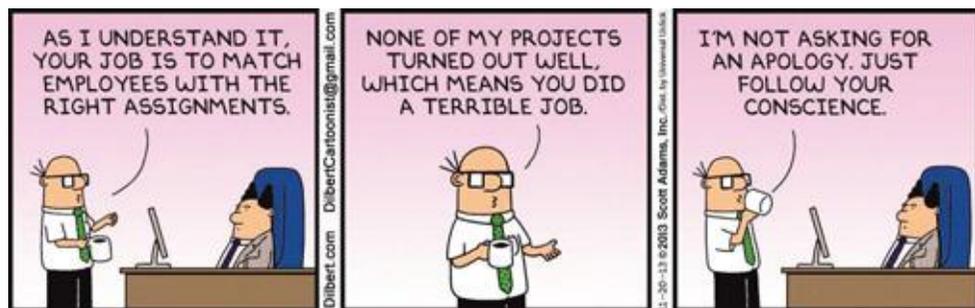


### Internal attribution

Internal attribution is the inference that a person is behaving in a certain way because of something about the person, such as attitude, character or personality. When we meet a person who acts in a friendly way, who comes from a similar background and who offers opinions that are in line with our own, we're likely to conclude that this is a good person; one who is honest and smart. On the other hand, if we meet someone from a different background and who says things that we don't agree with, we are likely to conclude that this person is less well informed, unreliable, jealous and probably dishonest. When we look at our own behaviour we tend to attribute success to the 'fact' that we are hardworking, intelligent and deserving.

### External attribution

External attribution is the inference that a person is behaving in a certain way because of something about the situation or environment he or she is in. When we look at our own behaviour, we tend to attribute failure to the 'fact' that the task was unfairly given, that other people are trying to hurt us, or simply that a series of mistakes in the system prevent us from doing as well as we should.[23]

When you arrive late for a meeting, it's because of the traffic or someone called with an urgent problem just before you expected to leave (external attribution). If someone else

arrives late for the meeting, we are likely to attribute that to his lack of planning; that he doesn't care about you and the group (internal attribution). Some of these attributions may be true, but many of these attributions are distortions—usually unconscious but occasionally deliberate—that we construct to protect ourselves and the things that we care about.

Marketers can take advantage of attribution theory—our attitudes towards others and us—by suggesting appropriate attributions for events. A sales person will help you to reinforce your ego by attributing your choices to your good character (internal attribution), and direct blame for bad things to other people or situations (external attribution). And they may attribute organisational mistakes to the 'computer system' or to 'policy that we can't do anything about at this level' (external attribution). You made a wise choice in buying your brand of smartphone (internal attribution); however, the phone should be better designed (external attribution) and the telecommunications company has an unfair policy regarding return of a phone that fails just because you dropped it into a swimming pool (external attribution).

## Source characteristics

Much of our assessment of any message is moderated by our attitudes towards the source of the message. When we receive a message we get at least two pieces of information: the message itself, and the source of the message. If we are suspicious of the source, we are likely to attribute little value to the message itself. The source could include a spokesperson or a company. The medium also can affect perceptions of the value of a message. A story in a news report is likely to have much higher credibility than an advertisement on the same television station. Obviously the news report is seen to be more objective than a paid ad. Psychologist Carl Hovland showed in 1953 that effective and persuasive communication required a source that had the following characteristics:[24]

- *credibility*—known to be reliable
- *expertise*—should have some knowledge to support claims
- *trustworthiness*—the extent that a person can be trusted
- *attractiveness*—physically attractive
- *similarity*—appearance and espoused values as the message received
- *appearance*—dress and manner consistent with the role.

Interestingly, we tend to forget the source of a message and the message itself at different rates. Psychologists say they have different decay functions. We can see that a message has at least two parts: the content of the message and who the content comes from. Memory of each part may decay, or be forgotten, at different rates; that is, we may recall a message long after we have forgotten where we learned the message. Have you ever found yourself saying, 'I read somewhere that …'? You may have just heard it in an advertisement. This is called the 'sleeper effect'. A message may be discounted because it comes from a source that is not trusted or is disliked, but if the message has been heard and understood then there is a good chance that it becomes salient sometime later, and attitude change follows.[25] In an extreme

case, however, the sleeper effect reinforces negative evaluations: a message from a source that is severely disliked (say, a politician you don't like) leads you to decide that you don't like the message simply because it is associated with that source. At some later point, you may still dislike the idea, but you can't remember or think of any good reason why.

## EMOTION

Attitudes are often very closely aligned with emotions. We feel distressed if our competency or integrity are challenged, and we develop attitudes about people and events to protect them. We feel proud if the organisation we work for is successful, and we develop attitudes around the organisation to support it and ourselves. Researchers have found that very often emotion-based decisions can be as good as or better than decisions made when more information is available.[26] When we have conflicting messages about things that we care about, we look for methods to reconcile them to restore balance. Dealing with conflicting messages and emotions is generally called cognitive dissonance (discussed below).

### Balance Theory

You probably have heard this political saying:

'My enemy's enemy is my friend.'

Of course there are similar extensions:

'My enemy's friend is my enemy.'

'My friend's friend is my friend.'

'My friend's enemy is my enemy.'[27]

These simple homilies express an important theory of attitude formation developed by psychologist Fritz Heider in 1957. We do not develop attitudes about a single object in isolation—we also consider what other objects are associated with that object. If there is inconsistency between my attitude towards an object and my attitude to what is associated with that object, then I am conflicted. Consider how you feel about a really nice person that you have just met. Then consider how you feel when you learn that she really hates your favourite singer. Do you like her just as much now?

**balance theory**
The notion that the object of an attitude is frequently associated with other objects; attitudes towards both objects need to be in balance, otherwise a person feels uncomfortable

**Balance theory** can be demonstrated with a graph known as the POX model (see Figure 9.6), where P is the focal individual (say, you), O is the object, issue or a person (say, a sports star) and X is the object or other individual (say, a brand).[28] Under balance theory, how you feel about that brand may be influenced by how you feel about the sports star. If you like the sports star and you have no feeling about the brand to begin with, you may then decide that you like the brand. But what happens if you like the brand but dislike the sports star? If it's important enough, most people will feel a need to reconcile the conflict.

The simple POX triad model gives eight possible relationships: four are balanced and four unbalanced, as shown in Figure 9.7.
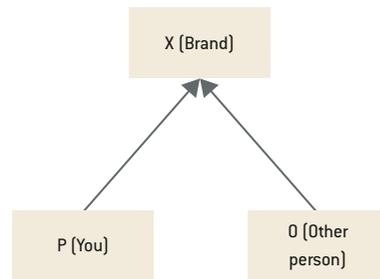


**FIGURE 9.6**
Heider's POX model of triadic relationships



Four balanced triadic configurations

Four unbalanced triadic configurations

Positive ——→   Negative ——→
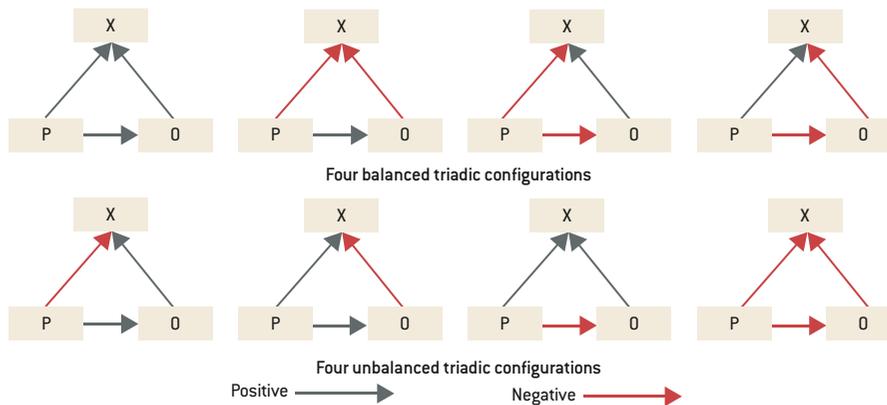
**FIGURE 9.7**
Balanced and unbalanced triadic configurations

We can see in Figure 9.7 that, for example, if I like a political party that my friend dislikes then I feel uncomfortable, so I have to revise either my attitude towards my friend or my attitude towards that party. We can see that balance theory can be applied to many marketing situations as well as to social relationships. The triadic relationships presented are fairly simple, but can become very complicated when more people and objects are included, leading to sometimes rapid changes in relationships in communities.[29]

As a result of conflicting attitudes towards associated objects, it is possible for people to hold both positive and negative attitudes towards the same object. Depending on the circumstances, different aspects of these attitudes can be activated at different times, causing different judgements of the same object.[30] The task for the marketer, then, is to identify those situations when persuasive cues are best motivated, and how to deal with countervailing attitudes when they arise.[31]

## Cognitive dissonance

People need consistency in their attitudes and perceptions. So how do we respond when one belief comes into conflict with another previously held belief? **Cognitive dissonance** describes the feeling of discomfort that results from holding two conflicting beliefs.

**cognitive dissonance**
The uncomfortable feeling a person experiences when confronted with conflicting beliefs; the conflict requires resolution by changing one or more beliefs

The term brings together two words with Latin roots: cognition (what we know) and dissonance (sounds wrong together). When there is a discrepancy between two different beliefs or between beliefs and behaviours, something must change in order to eliminate or reduce the dissonance.

We like to think that we make good choices when we buy new products. So when an item we purchased turns out badly, it conflicts with our previously held belief about our own decision-making abilities. Sometimes circumstances force us to make compromises about the choices we have. For example, do you know anyone who did not succeed in getting into their first-choice university? Or who didn't get into the degree program they had targeted? How do they feel now about the alternative that they were obliged to take? The chances are that your friend is very happy with the decision—to be otherwise would cause conflict between attitudes and actual circumstances. Psychologists have called this phenomenon 'adaptive preference formation': some things we desire are unattainable and so we change our preferences to suit, and we may even denigrate the unobtainable option.[32]

**FIGURE 9.8**
Attribution theory: reconciling conflicting beliefs when dealing with cognitive dissonance



## Free choice

A critical part of cognitive dissonance is free choice. If somehow we are obliged to act in a certain way, we can excuse our behaviour because we 'had to'. If we are free to make decisions and choices, we like to feel that there is good reason. Early researchers found that when alternatives are freely chosen, evaluations of the chosen option tend to be more favourable and evaluations of the rejected options tend to become less favourable. Interestingly, the closer the options really are in performance (say, a kitchen appliance), the greater is the difference between evaluations of chosen and not chosen options.[33]

**justification of effort**
A form of cognitive dissonance where we tend to increase the perceived value of those things that we have had to work hard for

## Justification of effort

We tend to value those things that we have had to work hard for. **Justification of effort** is another form of cognitive dissonance. If we have worked hard for a reward that is not substantial, we feel uncomfortable and we need to justify the effort. Some clubs or social groups have initiation rituals that may be strenuous or even humiliating—the effort gives us greater belief in the value of being a member of the group.[34] Young graduates working very long hours for very low pay will persuade themselves that they are learning more

skills and improving their future employment prospects. Often that is true, but sometimes it's just abuse. (Tip: If your boss tells you that you don't need a pay rise because you're improving your employability then it is abuse.) Another perspective is that often we don't value those things that come easily to us: 'I didn't have to try hard for this, so it isn't worth much to me.'

### Buyer's remorse

A special case of cognitive dissonance is **buyer's remorse**, a feeling of guilt or doubt associated with a recent purchase decision, particularly if the purchase decision is an expensive or complicated one where the consumer doubts whether the decision is the best one. This frequently occurs when it is very difficult to make good comparisons among all of the alternatives. Can you easily decide which laptop computer is the 'best' for your needs and budget? Marketers try to manage these doubts with supportive information such as testimonials, money-back guaranties and after-sales service. With buyer's remorse in mind, it is not surprising that buyers of new cars tend to read the brochures and online reviews after they have made the purchase decision more than they did before the decision! They are seeking information to reduce the conflicting feelings that lead to regret.

**buyer's remorse**
A special case of cognitive dissonance where a buyer is unsure whether a recent purchase is the best of a complicated or important set of options

### Reducing cognitive dissonance

Recall that we can change attitudes towards the object by adding new attributes or by changing beliefs and evaluations of those attributes. We resolve cognitive dissonance in much the same way with four key strategies: add new beliefs; reduce the importance of the conflicting belief; change the conflicting belief so that it is consistent with other beliefs or behaviours; or maintain the option of personal freedom.

### Add new beliefs

If two beliefs are in conflict, we tend to find other beliefs that outweigh the dissonant belief or behaviour, and we focus on these. A year after not getting into their preferred university program, many students will say things like, 'The transport is better for me here', 'My friends tell me how much less flexibility they have in their program at (other) university', 'This is a much more friendly campus' or 'Lecturers here have more practical, real-world experience'.

In addition to finding new beliefs, many people deal with dissonance by adding conditions or exceptions. Bias based on gender, race, sexual orientation or other issues is prevalent in all societies. Say your team is working with someone who works hard, shares information, and steps up and helps you to make your deadlines. In all ways this is a good person. Then you learn in conversation that this person is homosexual. One of your group members is passionately anti-gay. How will he resolve the two competing beliefs: gay is bad but this gay person is good? Usually, people don't change those fundamental beliefs; they create new categories of exceptions.

### Reduce the importance of the conflicting belief

Usually we can cope with very minor inconsistencies in our beliefs and behaviours, such as recognising that fatty food is not healthy but its purchase is acceptable as a 'reward' after working so hard this week. So if the conflict is serious, we can reduce the dissonance by reducing the importance of one of the beliefs. Have you heard a friend say something like, 'University prestige is not very important in the job market any more' or 'Grades themselves don't count—it's the degree that matters'?

A corollary of reducing the importance of the conflicting belief is to increase the desirability of the goal. Sometimes we tell other people small lies to make them feel good about themselves, and about us. We never like to see ourselves as liars, but we justify the conflict between our behaviour and our beliefs about ourselves by reframing the lie as necessary to achieve the goal of making that person like us, and pretend that no harm is done.

### Change the conflicting belief so that it is consistent with other beliefs or behaviours

This is a difficult one for most people. It involves making an about-face on a previously held attitude. But it is certainly possible if the belief is a compromise with other possibly conflicting beliefs. Recall that attitudes and beliefs usually are the result of a hierarchy of existing beliefs. If those beliefs are discovered to be in conflict, the easiest strategy may be to completely change one of the resulting attitudes.

**FIGURE 9.9**
Attribution theory: resolving conflicting beliefs



### Maintain the option of personal freedom

**autonomy**
The ability to make one's own decisions and actions

The feeling of personal freedom, or **autonomy**, is a strong driver for most people. Cognitive dissonance is reduced significantly when a customer has the option of going back on the decision—either returning the product for a refund or exchanging the purchase for

another brand. This desire for autonomy, or a desire to avoid finality, explains why some people prefer to buy from upmarket stores that will allow returns or exchanges instead of the same brand from lower-priced outlets where all sales are final. Ironically, researchers have found that while the ability to change reduces cognitive dissonance, those people who are unable to change after a purchase tend to value the product more when the 'remorse' has subsided.[35] It is possible that remorse is a form of 'cost' that must be compensated with higher perceived value.

## Autonomy and reactance

We like to feel that we have control over what we do; that we make our own decisions. When that freedom to behave as we wish is threatened, sometimes we have a deep emotional response against the threat. This emotional response to a threat to our autonomy is called **reactance**. It occurs when a person feels that someone or something is taking away his or her own choices. Reactance occurs when we are being pushed to do something too early, and it occurs when we can't do something that we may want to do. Researchers in the 1960s found that when a product was made unavailable, consumers increased their preferences for that product. A sale offered for a 'one day only' is more attractive than a sale that runs for 'five days only'. The urgency suggests that consumers may miss out. Reactance causes the products to become more desirable and increases purchases at the sale. Conversely, the need for autonomy is strongly aroused when a sales person begins to demand a decision. If a retail customer feels that she is being pushed to buy, she may psychologically 'push back' and simply refuse to buy anything.[36]

**reactance**
An emotional response to a perceived threat to autonomy; a person is likely to try to 'push back' in some way in order to regain some control

## MEASURING ATTITUDES

Traditionally psychologists have measured attitudes using direct measures. We simply ask people to make a verbal or written assessment of their evaluations of an object, a brand or a concept. More recently, psychologists have experimented with indirect, or implicit, measures designed to overcome self-censorship and social-desirability bias.

Describe different approaches of measuring attitudes.

## Direct (explicit) measures

The easiest way to measure attitudes is to ask people. If the issue is not confronting or in any way sensitive, people are likely to be comfortable about what they like or do not like about brands or topics.

**generalised attitude measure**
A measure of overall favourable or unfavourable evaluation of an object—usually the sum of six semantic differential scale items

### Generalised attitude measure
The **generalised attitude measure** can be used for any attitude topic—an evaluation of any general idea. The example below employs the brand name BMW. To use for any other topic, simply substitute the other topic. The overall generalised attitude is measured by simply calculating the sum of all of the scores (reversing where appropriate).[37]

**TABLE 9.4**
Generalised attitude
measure

| DIRECTIONS: ON THE SCALES BELOW, INDICATE YOUR FEELINGS ABOUT BMW MOTORCYCLES. THERE ARE NO RIGHT OR WRONG ANSWERS. ONLY CIRCLE ONE NUMBER PER LINE. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Good | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Bad |
| 2 | Wrong | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Right |
| 3 | Harmful | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Beneficial |
| 4 | Fair | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unfair |
| 5 | Wise | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Foolish |
| 6 | Negative | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Positive |
| Scoring: Reverse code:1, 3 and 4 | | | | | | | | | |

## Indirect (implicit) measures

People don't always say what's on their minds. Sometimes they are unwilling to share their real attitudes, and other times we don't really know our deeply held emotional reactions that shape our attitudes. Even when responses are anonymous, people may be careful about how they respond to some questions, and often we hide some attitudes from ourselves; we effectively censor ourselves. Answering a questionnaire is behaviour, and conscious behaviour is moderated by attitudes about the behaviour. If researchers can bypass this conscious behaviour, they may get something closer to how subjects and consumers really feel.[38]

### Implicit association test (IAT)

**implicit association test (IAT)**
An indirect measure of overall evaluation of an object that takes advantage of the tendency of people to respond quickly to questions that are more important and slowly to questions that cause emotional or memory difficulty

The **Implicit Association Test (IAT)** measures attitudes and beliefs that people may be unwilling or unable to report. The IAT works on the fact that people respond more quickly to those attitudes that are more important and that are most easily recalled from memory. So we tend to answer more slowly those questions that are problematic for us. A standard psychological test then is to see how many microseconds it takes a person to respond to some questions relative to other questions. The IAT is usually conducted using a computer monitor and simple keypad. Recent advancements place the whole question structure online. Stimuli are presented on screen one at a time and the respondent must press a button (left or right arrows, or 'e' or 'i' buttons) to indicate how the stimulus item is categorised. Some stimuli are benign, such as 'blue' and 'sweet', and are classified into groups 'colour' or 'taste'. Some stimuli are uncontroversial, such as 'good' or 'ugly', and are classified into groups 'positive' or 'negative'. Responses to these stimuli are used to measure average response times overall. Other stimuli target the specific attitudes under investigation. Words like 'gay' and 'straight' appear on screen and the respondent must classify them into simple categories such as 'homosexual' or 'heterosexual'. The correct classifications are easy and obvious, but the time taken to make the decision reveals underlying attitudes and prejudices.[39]

In addition to research on stereotypes,[40] the IAT has been used in various consumer psychology studies where the target attitude is brand name, including (not surprisingly)
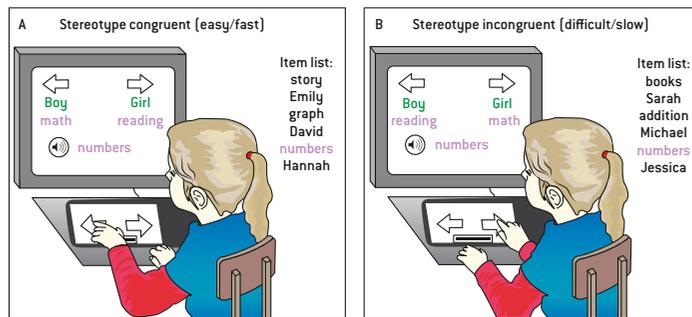
**FIGURE 9.10**
Child Implicit
Association Test

Items from four categories
appear one at a time on a
computer and are spoken
over the loudspeaker, and
children respond by pressing a
response button.

Coca-Cola versus Pepsi.[41] Results showed the correlation between implicit measures of attitude and actual behaviour are stronger than correlations between stated attitudes and actual behaviour.

### Brain wave measurement

Neuroscientists are learning more about the relationship between brain function and the frequently automatic decisions that we make in our day-to-day lives. Particular parts of the brain become activated when we experience pleasure, disgust, difficult tasks and memory retrieval. **Brain wave measurement** uses small magnetic detectors placed over the head in contact with the skin of the skull. With a lot happening around us at any one time the brain waves can be very chaotic, but in a controlled environment researchers can see the effects of messages on screen very quickly (see Figure 9.11).

**brain wave measurement**
The measurement of emotional and belief structures from the interactions of different parts of the brain



**FIGURE 9.11**
Brain wave
measurement cap

Researchers in Germany, for example, showed subjects the same cup of coffee on a screen several times, but with different prices in each instance. At the same time, an

electroencephalograph (EEG) plotted the subjects' brain activity. Especially in the case of extreme offers, strong reactions appeared in the brain almost immediately. Prices that were either too low or too high were unacceptable to the brain's control mechanism. Respondents displayed patterns of shock, doubt and astonishment when prices were unexpected or disproportionate. The resultant EEG graph (see Figure 9.12) pointed to an ideal price for the famous Starbucks brand, suggesting that the company was charging too little, at least in Stuttgart.

**FIGURE 9.12**

EEG graph on coffee pricing
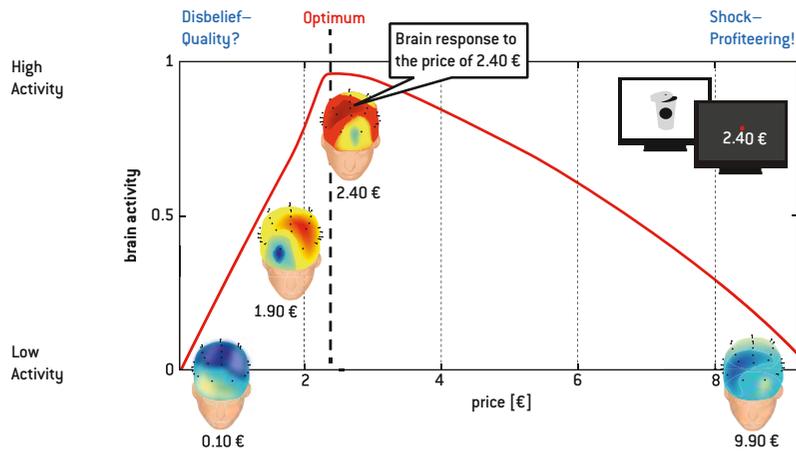


Brain-wave technology is becoming better understood and more widely available. In the next few years, we should expect to see more consumer research on pricing, advertising effectiveness and product design. Consumer products are also on the way. At time of writing, a Japanese company, NeuroWare, has introduced a music headphone set called 'mico', which includes a single brain-wave sensor that then selects appropriate music from your smartphone to suit your mood.

In another study by US research firm NeuroFocus, subjects wore EEG sensors while eating snacks. They found that when eating Cheezels, the yellow dust left on our fingers, laps and couch created the same sense of excitement and adventure as when we are small children playing in the mud. The same stuff we complain about is actually fun for the child inside our brains.[42] Advertisers used this information to make the dust a feature with great success.

## RESPONSES TO THE 'PINKIE' CAMPAIGN

Consider the example of the 'Pinkie' campaign at the beginning of this chapter. One person who complained to the Australian Advertising Standards Bureau said:

> The ad is designed to be sexist and humiliating to men. The ad encourages and sanctions from a government body the sexual harassment of young men with these crude, sexist and offensive behaviours.

CONSUMER
BEHAVIOUR
IN ACTION

In response, the Roads and Traffic Authority, being the advertiser, responded to the Bureau, saying:

> The response to the campaign by the focus groups was overwhelmingly positive. Most people involved in the groups knew about the Pinkie gesture. The groups recommended that the RTA proceed with the campaign because: it had the potential to change the behaviour of the target audience; it is powerful, it is different and it effectively utilizes social disapproval of poor driving behaviour by peers and the wider community; it puts the issue back in to the hands of the community; and the campaign is preventative.[43]

Consider again the results of the survey near the end of the campaign period:

- Sixty per cent of young males (17–25 years) said that they would be more likely to comment on someone's driving as a result of seeing the 'Pinkie' campaign. This means that 40 per cent of young males would not be more likely to comment on someone's driving.
- Seventy per cent of young male drivers believed the campaign to have some effect in encouraging young male drivers to obey the speed limit. This means that 30 per cent of young males did not believe the campaign was effective.
- Fifty-eight per cent of young males recognised the meaning behind the message that speeding is not cool and does not impress. This means that 42 per cent did not get the message.

How do you feel about the 'Pinkie' campaign? Would it affect you? Would it affect your friends? What aspects of attitude theory and attitude change theory affect your attitudes towards fast driving and towards the pinkie campaign?

## LORRAINE MURPHY

**Lorraine Murphy is the founder of the Remarkables Group.**

I'm originally from Dublin, Ireland, where I completed a BA in Communication Studies and a Postgraduate Diploma in Public Relations. I spent the next eight years in PR roles in Dublin, London and Sydney—working on the agency side on fast-moving consumer goods and lifestyle clients. I spotted an opportunity for a business that understood where brands were coming from and also the priorities that bloggers had for their blogs, and started The Remarkables Group in 2012. We are the first dedicated talent agency for bloggers in Australia and we represent fifteen of the leading bloggers.

*How did your career start?*

Part of my postgraduate diploma was a seven-week work placement in a PR role. I completed my internship and from that was offered a full-time permanent position. The agency consisted of just me and the founder of the business, so I was given a lot of responsibility very early on. When my peers were photocopying and making coffee, I was writing media releases and going on media trips all over Ireland on my own!

*What advice would you offer a student studying consumer behaviour?*

Don't assume that the consumer is like you. I think as marketers we sometimes gear campaigns towards ourselves and what we like, when in reality there's a whole melting pot of different consumers out there and our task is to understand them and what makes them tick.

*How important are consumer insights to what you do and to your organisation?*

They are key. Our bloggers have an excellent understanding of who their readers are, but we have backed this anecdotal knowledge up by running detailed surveys for the readers. When we have a deep understanding of the consumers our clients are trying to reach, we can help them design their campaigns to be the most effective they can be.

*What is the hardest decision you've had to make to date?*

Leaving my last role was a very difficult decision to make—I loved the company and the team I worked with, and I was still learning. I knew that starting this business was a chance I needed to jump on though, and I'm glad I made the choice I did.

*How important is social media to you?*

It's essential to what we do! In the year since we started the business, I've seen social media rise in importance for our clients—and I predict that growth trajectory to continue to develop at a rapid rate for the next two to three years.

*What has been your favourite project to work on?*

We helped a free-range organic chicken brand get their message out to consumers on the differences between free-range chicken and free-range organic chicken. We had a detailed briefing from the client, which I really enjoyed as I like to be educated on new areas. It was also a very worthwhile campaign as it helped consumers make healthier choices.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

The internet has had the biggest impact on consumer behaviour that we have seen or will see in our lifetime, and I think we have only seen the beginning of this change. As more and more consumers shop online, the high street as we know it will be transformed—especially when we see programs like the one British supermarket Tesco has trialled in Asia, where consumers can shop at a virtual store at the train station and have their groceries delivered to their home or office that evening. This point where 'real life' and online intersects is where we will continue to see innovation be born in the future.

## SUMMARY

1   Explain the functions of attitude.
   Attitudes serve four key purposes: utility helps us to identify and judge rewards and punishments; ego-defence protects ourselves from ourselves and others; value-expression tells us and others who we are; and knowledge helps us to understand other things, and to judge what is worth knowing.

2   Explain the different conceptualisations of attitude.
   Attitude can be understood as an overall, global assessment of the extent that a person regards an object favourably or unfavourably. In this chapter we considered attitudes from perspectives of psychology, social psychology, and behavioural psychology. Psychologists generally view attitudes as made up of the three components of cognition, affect and conation. Social psychologists developed formal theories of expectancy-value and extensions such as the theory of planned behaviour. Behavioural psychologists are more inclined to assess people's responses to specific situations and actual behaviour.

2   List the components of attitude.
   There are generally regarded to be three components of attitude: cognition (beliefs), affect (feelings) and conation (willing and doing).

3   Understand how attitudes are formed.
   Attitudes are generally formed as a result of learning through classical conditioning, operant conditioning and vicarious learning. They also can be formed through modelling and by seeking to explain or justify to ourselves our own behaviour. Attitudes are developed and changed through various processes of learning, past experience and behaviour. Providing new information causes people to consciously evaluate their existing attitudes and behaviour and make appropriate changes. The experience of making a decision can highlight otherwise unconsidered conflicts among different beliefs and attitudes, which need reconciling. And the experience of being in particular roles affects our expectations of what is appropriate in that role, and affects our perceptions of the group and of those not in the group. Beliefs and attitudes need to be brought up from memory at the time of a decision if they are to affect behaviour.

5   Understand the relationships between attitude and behaviour.
   We generally see attitudes causing behaviour through a hierarchy of effects: a process of moving through beliefs, feelings and then actual behaviour. A favourable attitude towards a product, for example, should result in more purchases of that product. Unfortunately, the relationship between attitudes and behaviour is much more complicated, and attitudes themselves are not good predictors of behaviour. The theory of planned behaviour suggests that several, sometimes conflicting, attitudes combine to affect behaviour. It shows how attitudes towards the consequences of behaviour, plus attitudes towards

what other people who are important to us might feel about our behaviour, plus perception of one's own ability to carry out the behaviour all contribute to behavioural intentions. Then behavioural intentions affect actual behaviour, subject to situational constraints. The MODE model shows us that often circumstances do not permit us to make thoughtful decisions and our behaviour may be the result of one or two simple emotional attitudes.

6  Describe different approaches of measuring attitudes.
   Attitudes can be measured directly by asking structured questions about the object of interest. Sometimes we cannot easily recognise and answer such questions, not just because we censor ourselves in order to look better to others and ourselves, but because sometimes we don't actually recognise our own attitudes. In such cases implicit measures are used by cognitive psychologists who test speed response and even brain-wave measurements to understand underlying or unconscious attitudes.

## KEY TERMS

attitude

attitude to behaviour process model

attitude towards the behaviour

attitude towards the object model

attribution theory

autonomy

balance theory

brain wave measurement

buyer's remorse

cognitive dissonance

door-in-the-face

expectancy-value theory

foot-in-the-door

generalised attitude measure

habit

implicit association test (IAT)

justification of effort

motivation and opportunity and determinants (MODE) model

opinion

perceived behavioural control

reactance

role-playing

subjective norms

theory of planned behaviour

tripartite model of attitude

## END-OF-CHAPTER QUESTIONS

1  A few years ago one of the authors of this text did unpaid research consulting work for a charitable organisation. The work required expertise and a lot of time, and the report would have cost many thousands of dollars if it were done by a commercial research consultant. The managers of the charity read the report with interest and then handed it over to a commercial consultant to reproduce and verify the findings and recommendations. This cost many thousands of dollars.

   a  What theory or theories can explain the attitudes and behaviour of the charity management?

   b  What attitudes are the first consultant likely to develop? What theories can explain why this would be?

2 As the new marketing manager for a brand of toothpaste, what could you do to affect potential consumers' attitudes and behaviours towards your brand relative to the market leader, Colgate?
3 Define the three components of attitude.
4 Outline the components of the theory of planned behaviour.
5 Explain why a favourable attitude towards study at university may not lead a student to enrol at university.
6 Why might attitudes not affect behaviour?
7 Explain why people may not express their attitudes clearly.
8 Provide some examples of situations where attitudes are unlikely to correspond with purchase behaviour. That is, when would consumers buy a brand that was not the most preferred?

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# DECISION MAKING AND CONSUMPTION EXPERIENCES

Hume Winzar
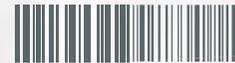
## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1 explain the classic consumer decision model
2 understand the moderating effect of involvement on the decision process
3 understand how consumer past experiences drive expectations and judgement criteria
4 adapt the consumer decision model to your own purchase experiences.

## CHOOSING AND ENROLLING AT UNIVERSITY

How did you decide on your current university program?

This seems like a simple question until we start to ask for more details such as whom you talked to, what was on your agenda, why you decided against other programs, what alternatives you considered, and whether there were some programs that you wanted to enter but were unable to. Here are some brief profiles drawn from interviews with undergraduate students.

- At high school, Jennifer had ambitions to be a journalist until a family friend explained how little money most journalists earned. She decided to enrol in a business degree instead. School friends all 'knew' that the best business programs were at 'Uni C' and 'Uni B', in that order; so she wrote those down in her application.
- Ronald had decided since Grade 9 that he was going to enrol at 'Uni A'. It was clear halfway through Grade 11 that he would not achieve the matriculation score for the elite programs of medicine or law at 'Uni A'. He did have sufficient matriculation score to enrol in law at 'Uni B' but that was not acceptable to him. So Ronald enrolled in commerce at 'Uni A'.
- May Ling understood from very young that a good education and high grades were the key to a good job and a successful career. After high school her parents visited an education agent in the Chinese city where they lived. The agent looked at May Ling's grades and English-language skills test and concluded that May Ling would qualify for one of the 'better' universities. He suggested four universities that he represented: two in Australia, one in the USA and one in England. Her parents considered the distance from home, their feelings about the destination cities, and the costs of living, travelling and tuition. May Ling's parents did not talk to any other agent who might represent different universities.
- Albert had rather mediocre grades at high school and there was no chance that he, as Chinese Malaysian, would be accepted into one of the programs within his own country. His parents investigated, with the help of an education agent, different programs in nearby Singapore and in Australia. Despite the differences in cost, they settled on a private college that had a pathway arrangement with 'Uni B' so that Albert would improve his English-language skills and have a head-start into a proper university education.
- Isabel decided to be an accountant, like her father and her uncle. They had fairly clear ideas about which university produced the best graduates, because they hired one or two each year. Isabel's father did admit, however, that he had never actually considered anyone from 'Uni D', but one of his partners now had a son there so maybe it isn't so bad. Through her father, Isabel spoke with the HR manager at her father's firm and the managers at two other accounting firms to learn about their views on the accounting programs at different universities in her city. Eventually she enrolled at 'Uni B'.
- James spent more time playing rugby and rowing than he spent at his desk, and he didn't earn the matriculation score that he expected, and his plans for enrolling in engineering at 'Uni A' were gone. He had to rethink his whole career and study plans. Some school friends were enrolling in commerce at 'Uni A' and some others had been accepted into accounting

at 'Uni B'. James went to the information day in January at both universities and attended their sample lectures. Based on the campus and the teacher styles he saw, James changed his application to 'Uni B'.

- Bella was moderately surprised to see her matriculation results. She had done much better than she expected. She had planned to attend the nearby TAFE, in the outer western suburbs, and take a bookkeeping and office-administration course, but her friends pointed out that she had sufficient marks to enrol at university. She would be the first person in her family to have a higher degree. Her school guidance counsellor suggested the business degree at the relatively nearby 'Uni D'.

- Samuel couldn't decide whether to enrol in chemistry, which he felt was fun, or in commerce, which his family considered held better career prospects. When his school guidance counsellor explained that 'Uni B' permitted joint enrolment in science and in commerce, so that he could earn a Bachelor of Science and a Bachelor of Commerce in a period of four years, Samuel was delighted. Now he is expecting to work in marketing for a pharmaceuticals company.

## INTRODUCTION

Our own decisions to enrol at university and to enrol in a particular degree program must be considered one of the most important choices in our lives. It defines what we will be doing for at least three years, and to a large extent it also defines what we will do—and not do—for much of our careers. The consequences of making a wrong decision are costly, high risk and time-consuming. We would think, then, that we would spend a great deal of time and energy on researching and deciding on which university we wish to attend and what program of study we would like to complete. As we see in the vignettes above, most students do not go through a very comprehensive decision process at all.

In this chapter we look at the purchase decision process. We base our discussion on the classical decision model, which can be regarded as an 'ideal type' that probably doesn't exist in reality (like perfect competition in economics), before we consider the many contingencies that help and hinder the processes of need recognition, information gathering, information evaluation, and decision.

## CLASSICAL MODELS OF HUMAN DECISION MAKING

### Hierarchy of effects

In 1910, the American philosopher, John Dewey, introduced the 'steps of reflective thinking'.[1] While his book was intended for teachers and professors, his simple framework has been adapted for all manner of problem-solving situations, from consumer decision

Explain the classic consumer decision model.

**hierarchy of effects**
A sequence of steps taken by a decision-maker to achieve a goal; often this is a simplifying assumption made by the researcher or the marketer to make their work easier, rather than a representation of reality for all decision-makers

making to marriage counselling, industrial relations and strategy formulation. Dewey's problem-solving framework is one of many such tools known as **hierarchy of effects** models: analytical frameworks that lead a person to a desired result. Dewey's problem-solving steps are:

1  define the problem, and analyse the causes of the problem and its limits
2  identify criteria for an acceptable solution
3  generate potential solutions
4  select the best solution
5  implement the solution.

A more detailed explanation of the steps is presented below. Importantly, many consumer researchers have framed consumer decision making as a problem-solving task. That is, we can think about our purchase decisions and our purchase behaviour as the act of solving the problems of dealing with our wants and needs. How do we resolve our feelings of discontent when we're hungry or cold, or when we want social inclusion or to have fun?

## Dewey's steps of reflective thinking

1  Define the problem, and analyse the causes of the problem and its limits:

   a  Identification of problem area, including such questions as:

      I    What is the situation in which the problem is occurring?

      II   What, in general, is the difficulty?

      III  How did this difficulty arise?

      IV   What is the importance of the difficulty?

      V    What limitations, if any, are there on the area of our concern?

      VI   What is the meaning of any term that needs clarifying?

   b  Analyse the causes of the problem and its limits:

      I   Analysis of the difficulty:

          i   What, specifically, are the facts of the situation?

          ii  What, specifically, are the difficulties?

      II  Analysis of causes:

          i   What is causing the difficulties?

          ii  What is causing the causes?

2  Identify criteria for an acceptable solution:

   a  What are the principal requirements of the solution?

   b  What limitations must be placed on the solution?

   c  What is the relative importance of the criteria?

3    Generate potential solutions:

   a    What are the possible solutions?

      I    What is the exact nature of each solution?

      II   How would it remedy the difficulty? By eliminating the cause? By offsetting the effect? By a combination of both?

   b    How good is each solution?

      I    How well would it remedy the difficulty?

      II   How well would it satisfy the criteria? Are there any that it would not satisfy?

      III  Would there be any unfavourable consequences? Any extra benefits?

4    Select the best solution:

   a    How would you rank the solution(s)?

   b    Would some combination of solutions be better?

5    Implement the solution:

   a    What steps would need to be taken to put the solution into effect?

   b    What steps would be the most difficult? Least difficult? How would you overcome these?

## Applying the hierarchy of effects to individual-level consumer decision processes

The hierarchy of effects as a problem-solving framework in the context of a consumer purchase process usually is presented as:

- problem recognition
- information search
- alternative evaluation
- purchase decision
- post-purchase behaviour.[2]

### Problem recognition

Problem or need recognition is the point where a consumer realises that she has a need to fulfil. This can be the result of internal stimuli, such as hunger or thirst, or from external stimuli, such as interactions with friends or advertising messages. Need recognition can be seen as a perceived discrepancy between a desired state and what we perceive as our actual state. For example, I want to feel not hungry (desired state) but I am hungry (actual state), or I want to feel good about the shape of my body (desired state) but I don't like the look of my legs (actual state). Figure 10.1 shows a simplified flowchart of how problem recognition might occur.

**FIGURE 10.1**
Problem recognition

```
┌──────────────┐   ┌──────────────┐   ┌──────────────┐
│ Desired state│   │ Information  │   │ Actual state │
│              │   │ processing   │   │              │
└──────────────┘   └──────────────┘   └──────────────┘
                          │
                   ┌──────────────┐   ┌──────────────┐
                   │ Perceived    │   │ Ideal state  │
                   │ discrepancy  │   │              │
                   └──────────────┘   └──────────────┘
                          │
                   ┌──────────────┐   ┌──────────────┐
                   │ Consumer     │   │ Denial and   │
                   │ problem      │   │ excuses      │
                   │ recognition  │   │              │
                   └──────────────┘   └──────────────┘
                          │
                   ┌──────────────┐   ┌──────────────┐
                   │ Problem      │   │ Problem not  │
                   │ delineation  │   │ defined      │
                   └──────────────┘   └──────────────┘
                          │
              ┌──────────────┐   ┌──────────────┐
              │ Consumer     │   │ No consumer  │
              │ action       │   │ action       │
              └──────────────┘   └──────────────┘
                      │                  │
              ┌──────────────┐   ┌──────────────┐
              │ Information   │   │ Insufficient │
              │ search        │   │ resources    │
              └──────────────┘   └──────────────┘
                      │
              ┌──────────────┐
              │ Purchase     │
              │ intention    │
              └──────────────┘
```
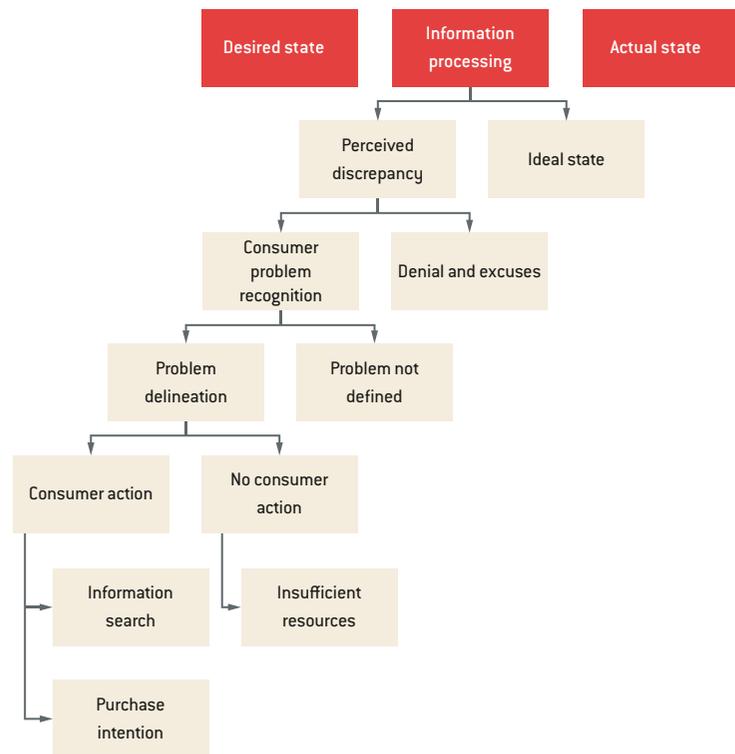
As we saw in previous chapters, the desired state—or how one wants to be—is largely a function of the influence of culture and reference groups, past experiences and previous decisions, situational context and messages from other sources, such as marketers. Perceived actual state also can be a function of these, but more often is the result of situational factors where information arouses an existing concern or need. The perception of a desired state and the perception of an actual state are moderated greatly by memories of past experiences and also by the individual person's motivations. A discrepancy is simply the difference between desired and actual states. If the two states are equal then we are comfortable and happy—an ideal state. If there is a difference (or discrepancy), we see a problem. Obviously there is some leeway that we allow ourselves: small differences are usually permitted and we don't worry about them. However, when the differences in ideal and actual states are large enough, we notice and want to do something about it. Even then, it's not straightforward. For a variety of psychological reasons a person may avoid any further activity. For example, faced with the fear of humiliating himself in front of friends on the snowfields, one consumer may rationalise his way out of wanting to learn and experience the thrill of snow-skiing. That is, the person is interested in learning to ski, but he is also very interested in maintaining his social status within a group, and believes that regularly falling over while learning to ski will embarrass him. The two motivations

are in conflict and the more important one wins. Additionally, ideal and actual states are never constant. We change our expectations of what we want to be over time and in different situations. Similarly, our perceptions of what is normal and acceptable change with experience.

Perceived actual and ideal states—moderated by memory and motivation, and countered by sometimes competing and contradictory drives—are antecedents to problem recognition. They come before the stage when a person decides that there is a consumption problem to be solved.

Once a person recognises a consumption problem, it must be understood so that the consumer can initiate some action that will bring about a solution. Generally problem recognition and problem delineation occur at the same time, such as a consumer running out of rice: 'I am out of rice … I desire rice … I intend to buy more.' More complicated problems involving status or self-image are not so easily defined. Imagine yourself in a nightclub feeling out of place and not understanding why. Is it your clothes? Your friends? The way you dance? There is a perceived problem but no awareness of what is needed to solve the problem: the problem is not defined. The consumer may then be motivated to search for information with the sole purpose of identifying exactly what is wrong.

Even when a problem is well defined there may be no consumer action: the gap between actual and ideal states may not be large enough for immediate action. A consumer may want a haircut and recognise that his hair is not ideal, but concludes that it's okay the way it is for the time being. Personal involvement is an important mediator here, too. If a product category, or other issue, is very important, the allowable difference between the ideal and actual states is likely to be very small. Further, the issue that a person is most highly involved in is most likely to draw their maximum attention.

Another way of thinking about problem context is the time context in which problems emerge. We can think about the time horizon over which a problem emerges; that is, how far can we foresee a problem. Additionally, we can consider the urgency or the time limitations on finding a solution to a problem. With a longer time horizon, consumers have more time to research and reflect on the options available. More alternatives may be discovered and evaluation criteria devised. An emergency, on the other hand, means that limited options must be accepted and quick heuristics must be used for a decision (see Table 10.1).

**Routine problems**, as we shall see later in this chapter, require little search and evaluation because the decision has been made before and is just repeated. **Planning problems** can be seen ahead of time and there is time to make a decision. For example, if a driver expects to buy a new car sometime in the future, she may be routinely taking note of different brands and designs, and noticing automobile advertising. Similarly, if you expect that your laptop will be due for a replacement in the next few months, you may ask friends about their experiences with brands, features and retailers more than you would otherwise. **Evolving problems** come up unexpectedly, but don't require an immediate decision. For example, adoption of a new fashion may take a while for some consumers. A consumer may be aware of a fashion, but choose to wait for a period to see the extent that it meets with

**routine problems**
Problems that require little search and evaluation because the decision has been made before and is just repeated

**planning problems**
Problems that can be seen ahead of time when there is time to make a decision

**evolving problems**
Unexpected decision situations that can be postponed while a consumer gathers information in a leisurely way

**emergency problems**
Unexpected problems that must be dealt with immediately

social approval (this notion is discussed further in Chapter 11). **Emergency problems**, on the other hand, are unexpected problems that cannot be postponed—they must be dealt with immediately. If your laptop computer suddenly fails and you have assignments to do this week, then what was an 'evolving' problem that could be postponed suddenly becomes an emergency. In such cases, the amount of time expended on search and evaluation is substantially reduced—a consumer finds suppliers that are already known and seeks a brand that is already known and trusted, and relatively little consideration of features and value is made.

**TABLE 10.1**
Problem definition according to time horizon and time limitation

| TIME LIMITATIONS | | | | |
|---|---|---|---|---|
| | | | EXPECTED | UNEXPECTED |
| TIME HORIZON | IMMEDIATE ACTION REQUIRED | | Routine problems | Emergency problems |
| | DOES NOT REQUIRE IMMEDIATE SOLUTION | | Evolving problems | Planning problems |

We can see that problem recognition is the first and most important step in the classic problem-solving model. Under the classic problem-solving model nothing happens without a person consciously recognising a gap between ideal and actual states. Further, the consumer needs to identify the reason and nature of the gap in order to make any progress in resolving the problem. If not properly defined, any later action does not solve the problem.

## Information search

**internal search**
The simplest and least costly way of gathering information, it involves scanning one's memory to recall previous experiences with products or brands

**external search**
Looking beyond one's personal experience for information about a product category or service (friends and family, online reviews, and advertising, salespeople and websites)

The information search stage makes it clear to a consumer what options are available. Generally search behaviour is of two types: internal search and external search. **Internal search** involves scanning one's memory to recall previous experiences with products or brands. Obviously this is the simplest and least costly way of gathering information, and is usually sufficient for frequently purchased products. When internal search is not sufficient to bring up an acceptable number of alternatives for consideration, then a consumer will use external search. **External search** involves looking elsewhere for information about a product category or service. These can be personal sources such as friends and family, or public sources such as online reviews by experts and customers. Of course, external information also comes from marketing sources such as advertising, salespeople and websites.

External information search can be a mentally taxing and time-consuming activity, so we tend to moderate the level of external search to several criteria. In order of importance, we use external search more when:[3]

1. Prior relevant knowledge is insufficient.
2. We have a personality that prefers more information.
3. There are many alternatives to discover and evaluate.
4. The risk of making a wrong purchase decision is high.
5. The cost of gathering information is low.

The first and most important factor—insufficient prior relevant knowledge—would seem obvious, but it requires some self-awareness from the consumer. If you don't know that you don't know what to look for, then you are likely to move ahead without sufficient information to make a satisfactory choice. A recent meta-analysis, summarising research into search behaviour of consumers over many years in different countries, highlights the importance of prior knowledge on the amount of search behaviour.[4] People with higher levels of subjective knowledge (feelings and beliefs that cannot be verified with facts) and objective knowledge (verifiable facts) tend to have increased levels of external search. That is, the more that they believe that they know, the more they understand what they don't know, and they seek to learn more. Not surprisingly, those people with higher levels of direct experience with a product category tend to use much less external search, since they already have learned much from previous search, purchase and usage.

The second factor—preference for information—is a function of personality. For many people, gathering information and being aware of the alternatives and features of different brands and product categories is a pleasurable activity in itself.

The third factor—the number of alternatives available—relates to how much information may be needed to make a sound decision. As you might expect, the more options that a person is aware of, the more time and energy is needed for search. This can go only so far though: too much information leads many of us to take shortcuts and simplify assumptions to limit the amount of information gathered; otherwise we will become overwhelmed and won't be able to decide at all.

The fourth factor—the risk of making a wrong decision—would seem clear. We need to consider what forms of risk are at stake in a decision. Financial risk is rarely the most important for most people, although there obviously are budget limitations. Within a financial budget, social and physical risks affect people's decisions.

The final factor—the cost of gathering information—affects the amount of search. For most people, information has diminishing marginal returns; that is, each additional piece of information has less value than the previous piece of information. We reach a point when we feel that the mental effort and time involved in gathering more information is not worth the expected value of that information.

The context of the decision situation also affects the extent of external search. Late last century, economist Philip Nelson suggested that products should be divided according to how much objective information was available before and after purchase. **Search goods** are those products and services where it is easy to see the features and judge their quality and value. **Experience goods** are those products and services where the value of features cannot be easily determined before purchase, but value can be seen with consumption. A new restaurant or a doctor's visit may be regarded as experience goods. **Credence goods** are those products and services that cannot be easily evaluated before purchase—and not even after purchase and consumption; that is, even after you have used a product you can't tell for sure if you got the best deal. Health foods, car repair services, management consultants and education all can be regarded as credence goods.[5] The meta-analysis mentioned above found that generally higher levels of subjective knowledge tended to increase the level of

**search goods**
Those products and services where it is easy to see the features and judge their quality and value

**experience goods**
Those products and services where the value of features cannot be easily determined before purchase but value can be seen after consumption

**credence goods**
Those products and services that cannot be easily evaluated before purchase—and not even after purchase and consumption; that is, even after you have used a product you can't be sure you got the best deal

external search for experience goods, and reduce the level of search for credence goods, with no real differences among search goods. Higher levels of objective knowledge, on the other hand, had no significant effect on the level of external search for experience goods, but reduced levels of search for search goods, and increased levels of search for credence goods (see Table 10.2).

**TABLE 10.2**
How consumer knowledge and product type affect the level of external search

| | CREDENCE GOODS | EXPERIENCE GOODS | SEARCH GOODS |
|---|---|---|---|
| SUBJECTIVE KNOWLEDGE | Reduces external search | Increases external search | No difference in external search |
| OBJECTIVE KNOWLEDGE | Increases external search | No difference in external search | Reduces external search |

## Alternative evaluation

Once the consumer has searched as much as she can for available options that can solve her problem, she must then decide which option to choose. That decision is a function of the criteria used to make an evaluation and how important those criteria are. As discussed earlier in this book, people have limited capabilities for processing information. It is impossible to know everything about every possible alternative that may be available, and our criteria and motivations frequently are contradictory. All consumers have bounded rationality.

For most people, the evaluation task involves maximising the accuracy of the decision, minimising the mental effort required for the decision, minimising the negative emotions that emerge in the decision process and after purchase, and maximising the ease of justifying the decision. Justification is as much to one's self as to others. With each of these goals, consumers are subject to bounded rationality, so we look for shortcuts to make the task easier. Psychologists call such mental shortcuts heuristics. A **heuristic** is a 'rule-of-thumb' strategy used to shorten decision-making time and reduce cognitive load. Results of heuristic evaluations may not be optimal, but they usually are acceptable.

**heuristic**
A 'rule-of-thumb' strategy used to shorten decision-making time and reduce cognitive load; results of heuristic evaluations may not be optimal, but they usually are acceptable

Evaluative criteria can be seen as one of three types:

- *affective evaluations*, usually based on a whim; that is, an immediate emotional response to the product or service
- *attitude-driven evaluations*, based on summary impressions, intuitions or feelings; alternatives are not compared according to their features
- *attribute-based evaluations*, based on a judgement on the attributes, or product features, of an alternative.

The classic consumer decision-making model assumes that attribute-based evaluations are generally used. A major part of the earlier stage of information-gathering and search for alternatives is the gathering of information about what criteria should be used for making comparisons, as well as finding out what the alternatives are. So by the time a consumer has finished her information gathering, she has a list of available alternatives and a list

of criteria to compare them against. What criteria will depend very much on the product category and on the personal preferences of the consumer, but some obvious criteria might include price, design and compatibility with other items that have already been purchased.

Attribute-based evaluation rules can be classed into two groups:

- **non-compensatory rules**—'non-negotiable' specific criteria that must be met, otherwise the product alternatives are eliminated, regardless of how attractive other criteria may be
- **compensatory rules**—attractive features on some criteria that compensate for unattractive features of other criteria.

Non-compensatory evaluation rules are shortcuts that we use in order to quickly select one or a shortlist of acceptable options. Consumers might take several criteria or the most important criterion and then remove all alternatives that fail to meet those. A personal budget is an example of this rule: if I can't afford this alternative, I have to select something else, regardless of how much I like other features. Consumers might think about several criteria at once and remove all that are not acceptable. For example, after budget, a new car buyer may consider the safety of her family as most important, so all alternatives with less than a 4-Star ANCAP rating are removed (see Figure 10.2). Another way of thinking about the same idea is that we decide to keep, or consider, all those alternatives that do fit our cut-off criteria.

**non-compensatory rules**
The 'non-negotiable' criteria that must be met when evaluating alternatives

**compensatory rules**
Criteria that allow us to trade one or more criteria for others when evaluating alternatives; for example, an attractive feature can compensate for an unattractive feature
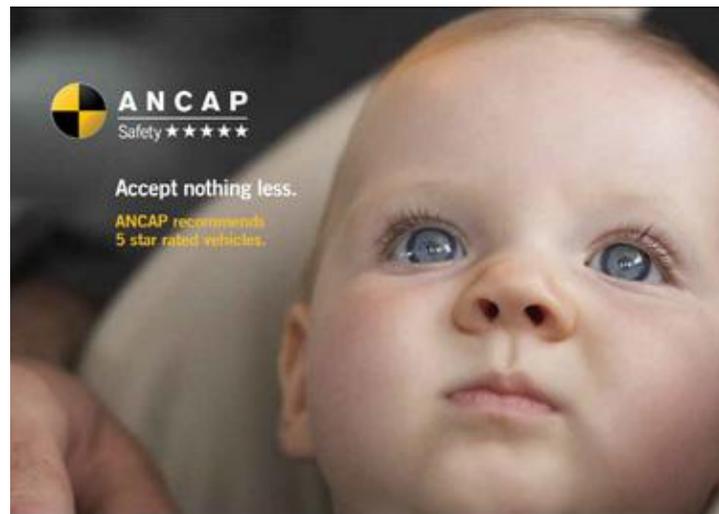


**FIGURE 10.2**
Using an ANCAP safety rating as a minimum acceptable criterion

Compensatory evaluation criteria also allow us to trade one or more criteria for others; that is, an attractive feature can compensate for an unattractive feature. Consider what is meant when someone says: 'It's a long walk across campus to that cafe, but the quality is so much better there.' The attractive feature (quality coffee) compensates for the unattractive feature (walking distance). Compensatory rules imply that there is a sort of algebra going on inside a buyer's mind where the overall utility of a brand is computed by summing the

scores or weighted scores for each of the criteria, much like we saw in the attitude towards the object model in the last chapter.

In practice, most consumers, when faced with a complicated or new decision task, tend to use non-compensatory and compensatory evaluation rules in sequence. With too many alternatives to consider, we use simple heuristics to eliminate all but two or three alternatives, and then use compensatory rules to select the better overall option from those that remain. For example, a mother choosing a new car may remove, or accept, options based on non-compensatory criteria (such as ANCAP rating and then budget and vehicle size) and then trade off other features to find the best option from those that are left. The trade-off may be based on other features or, to a lesser extent, features already used in the non-compensatory stage (such as price, brand, drive characteristics, design and so on). Elimination of an option because of a non-compensatory decision rule does not mean that the product is unattractive. It may simply mean that other options are perceived to be better on that one evaluation criterion.

Consequently, the first task for the marketer is to ensure the brand is known. Next, the marketer must ensure it is acceptable to the consumer. That is, the brand should be in the consumer's **evoked set**. The evoked set is the set of brands from among all possible brands in a category that is known to the consumer. The evoked set can be further subdivided into those that are acceptable, those that are unacceptable (the **inept set**) and those that the consumer is indifferent to (the **inert set**) (see Figure 10.3). Obviously, it is not good to be in a consumer's inept set, and the goal would be to move a brand from the inert set to the set of acceptable brands. There is some debate among writers in textbooks and online about whether the evoked set is the group of known brands, or whether the evoked set is the special group of preferred brands among all the brands that are known. So you needn't be

**evoked set**
The set of brands from among all possible brands in a category that is known to the consumer

**inept set**
The subset of brands from the evoked set that are unacceptable to the consumer

**inert set**
The subset of brands from the evoked set to which the consumer is indifferent

**FIGURE 10.3**
The evoked set identifies brands that are considered by a consumer
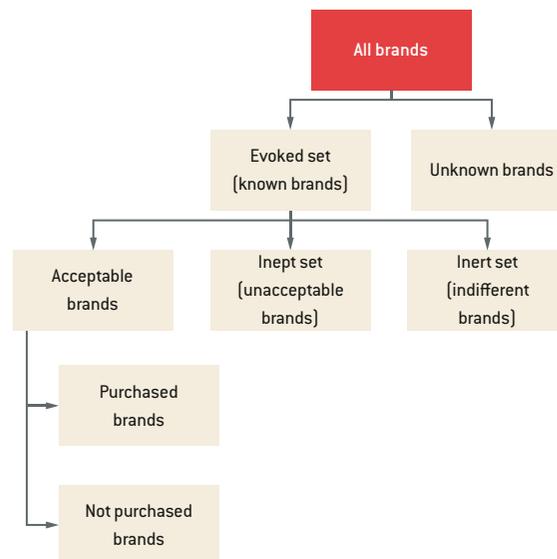
alarmed if you see the term used only for the preferred group. We prefer to use the term in line with its normal English definition: to bring up or recall to memory, which may include both liked and disliked objects.

## Purchase decision

Having decided on evaluation criteria and made evaluations of all available options, the consumer decides to buy one preferred brand—or buy none at all. Depending on the product category and the situation, the purchase decision and actual purchase behaviour may involve another new set of decisions:

- model to be purchased
- retailer
- method of purchase
- timing of purchase.

The brand to be purchased is usually seen as the decision process that has already happened, but there is also the task of deciding which model to buy and which retailer to purchase from. This may require a new information-gathering and decision process in itself. Should you buy from a 'bricks and mortar' store or via an online retailer? Some retailers will allow repayments over time, and others insist only on cash. And of course some retailers may have to order in a product for you or there may be a time delay if purchased online. Here, again, a new set of evaluation criteria is required and a new set of decisions is made.

For many retail purchases the decision process is actually a series of progressively constrained decisions. Researchers have found, for example, that most consumers choose domestic appliances by first deciding on a retailer and choosing brand and model based on what is available in the store on the day. Economists have called such purchase behaviour '**nested decisions**'—each decision is nested within a previous decision. That is, one decision produces a limited set of options from which the consumer must then decide.

**nested decision**
A purchase decision that is restricted by the effects of previous decisions

## Post-purchase behaviour

For most people it is not the purchase itself that solves the problem that was first recognised at the beginning of the purchase process: it is the act of consuming the product. And actual consumption affords us the opportunity to decide if the purchase process, as a problem-solving activity, has been successful. That is, does the alternative that has been chosen solve the problem first recognised? To resolve this question we need to consider whether the decision made was the best one, and we need to decide whether or not we're satisfied with the decision. This process includes the following factors:

- cognitive dissonance
- satisfaction and dissatisfaction
- attribution
- equity.

## Cognitive dissonance

**cognitive dissonance**
The uncomfortable feeling a person experiences when confronted with conflicting beliefs; the conflict requires resolution by changing one or more beliefs

As we learned in Chapter 9, psychologists use the term **cognitive dissonance** to describe the state of simultaneously holding two or more conflicting ideas, beliefs, values or emotional reactions. In consumer behaviour, cognitive dissonance is when the customer experiences feelings of post-purchase psychological tension or anxiety. In a sales context, dissonance is often called 'post-purchase dissonance' or simply 'buyer's regret'. They mean the same thing: the feeling of stress about the thought that you may have made the wrong decision.

Dissonance is a fifteenth-century French word, meaning 'disagreement'. From the Latin, it literally means 'sounds wrong'. American psychologist Leon Festinger made the term well known in 1956 when he reported on members of a UFO doomsday cult whose prediction of planetary destruction did not happen. Apparently, the aliens had assured the cult leader that only members of the group would be saved. After the due date, the cult's prophesy and the continued existence of Earth clearly were in conflict, so one would think that the cult members would have dismissed the prophesy as a sham. Instead, their beliefs became even stronger—the aliens had saved the Earth in order to save the cult members![6]

How the customer feels about a purchase will significantly influence whether he will purchase the product again or consider other products in the category. This occurs when a consumer doubts the wisdom of purchase he has made. Those feelings often relate to the very real question: 'Have I made the best choice?' (If there are other alternatives that could also have solved the problem, maybe the purchaser is not getting value.) 'What if I had spent that little bit more on the top model?' "If I had gone to another store would I have got a better deal?' Some frequent reasons for cognitive dissonance are:

- alternatives have different features making evaluation difficult
- insufficient knowledge about the category
- perceived risk
- performance risk
- physical risk (wear-out)
- high financial commitment
- personal importance of the decision
- high social visibility
- discrepant information about alternatives
- insufficient time to evaluate
- the decision is irrevocable.

Customers are most likely to feel dissonance when they know that they don't have all of the information, or they don't know how to judge the information that they do have; when the purchase is important for some reason; and when they feel that they can't get out of the deal.
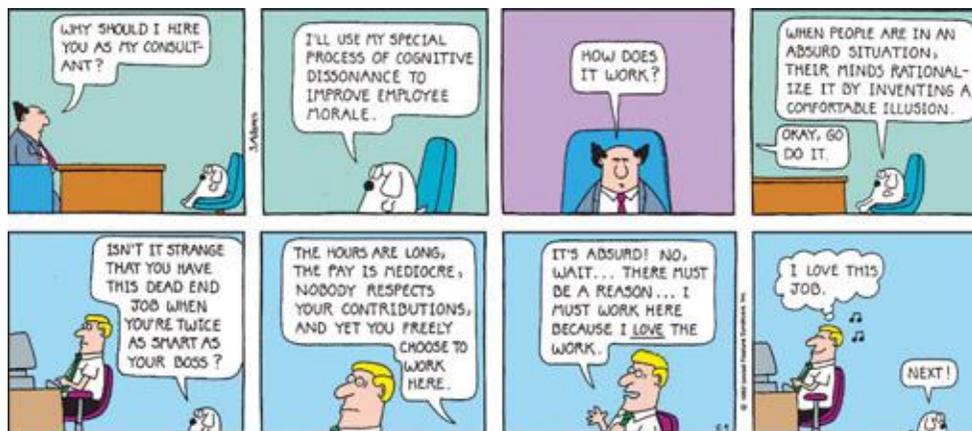
**FIGURE 10.4**
Cognitive dissonance: rationalising our decisions so we feel good about them

Faced with two beliefs that are in conflict, we naturally feel stressed. The things we know and believe need to be consistent with one another. You may know someone enrolled in a university program that was not his first choice. What does he say now? The chances are that he now believes that this university program was a good choice, or that the other program has some real problems with it. We tend to rationalise our beliefs by either changing the belief or making adjustments to some components of the belief so that it accords with other beliefs. Occasionally, we actually place opposing beliefs into different parts of our minds. Do you know someone who regularly goes to a place of worship, but during the week, at work, behaves as if her religion does not exist?

Because dissonance is uncomfortable, the consumer may use one or more of the following approaches to reduce it:

- Increase the desirability of the brand purchased.
- Decrease the desirability of rejected alternatives.
- Decrease the importance of the purchase decision.
- Reject the negative data on the brand purchased.

Researchers have found that people who have recently purchased a new car actually gather more information about the car, and its competitors, than when they had purchased the car. Recent buyers pick up brochures, read online reviews, and notice television and magazine advertising more than other people who are in the search process. Such buyers are reassuring themselves that their very public and pricey purchase was a good one for them—they can justify to themselves and to others that they made a wise decision. What information that is gathered can be selectively interpreted to favour the decision made. Alternatively, buyers may find reasons to downgrade other alternatives that were not chosen, or even consciously ignore any information that may be counter to their decision. For marketers of infrequently purchased or highly involving products, then, much of the

promotional budget often is spent on the dual tasks of reinforcing the wisdom of a purchase and informing potential buyers.

Dissonance reduction efforts also may be of value for frequently purchased products. The more frequent the purchase, the less important is the question of which brand to buy at any one time and there is less dissonance. The consumer who has purchased a convenience good that she is dissatisfied with usually does experience strong dissonance because she knows that she is not irrevocably bound to that choice, but can easily switch brands.

If dissonance about a purchase is not reduced, anxiety may turn into dissatisfaction with either the seller or the product. This negative experience leads to a new problem recognition situation, and leads the consumer to engage in another problem-solving process. But this time memory of the previous negative experience and dissatisfaction will be used as part of information. Under these circumstances, the likelihood of the unsatisfactory brand being selected and repurchased will be much lower than before. The need to remove doubts within customers is a strong reason why follow-up calls are a standard part of the sales and service process for many automobile sellers, repair services, insurance companies and, increasingly, banks and insurance companies.

## Satisfaction and dissatisfaction

Satisfaction with a purchase usually is seen as the extent that the performance of a product meets or exceeds expectations. In this sense we can present satisfaction as the result of a simple equation where level of satisfaction is performance minus **expectations** (see Figure 10. 5). If the difference between performance and expectations is zero (that is, performance equals expectations) then customer expectations have been confirmed, and the consumer is satisfied. Non-equality of performance and expectations implies 'disconfirmation': if the difference is negative then the consumer experiences negative disconfirmation; that is, the consumer is disappointed and becomes dissatisfied. Conversely, if performance significantly exceeds expectations then the consumer experiences positive disconfirmation and is delighted.

**expectations**

A key component of consumer satisfaction or dissatisfaction; when performance meets expectations there is a confirmation of expectations (the consumer is satisfied), but when performance falls short of expectations there is disconfirmation of expectations (the consumer is dissatisfied)

**FIGURE 10.5**
Satisfaction: a function of the gap between expectations and performance

Performance — Expectations = Satisfaction level

Understand how consumer past experiences drive expectations and judgement criteria.

The equation is not exact; most people have a reasonable amount of tolerance around the confirmation level. You can imagine someone saying, 'It's not everything that I wanted, but it's okay—I'm happy'. More often you'll hear someone say, 'I wasn't sure what to expect, but now that I've used it, I'm happy'. In other words, there is a zone of tolerance within

which performance is regarded as acceptable. It is only when performance deviates outside the zone of tolerance that we experience disconfirmation of expectations.

We can think about three interlinked zones of tolerance: pre-purchase expectations, consumption experience, and evaluation of the outcome[7] (see Figure 10.6). Sometimes our expectations of a service or a product can be quite vague. We really don't know what to expect; for example, we have learned about various features but we really can't know how they will perform until we've experienced the product. In such cases, our **zone of tolerance** is quite wide. When we eventually experience a product, sometimes the performance is clear, but with other products—and especially services—we may not be able to see the benefits until much later, if ever. Education is a service that sometimes is difficult to judge. You can probably make a good assessment of the performance of teachers and classes, but the value (or otherwise) of what you actually learned in the class may be difficult to identify. The process of making an assessment of the difference between expected and actual performance is likely to be a function of past experience, and an understanding of the variability of different goods within the product category. Personality also affects satisfaction—some people are just more tolerant than others.[8]

**zone of tolerance**
The range of performance around which a consumer expects to normally experience

| Pre-purchase expectations | Consumption experience | Evaluation |
|---|---|---|
| More than acceptable | More than adequate | Delight |
| Acceptable | Adequate performance | Satisfaction |
| Unacceptable | Less than adequate | Dissatisfaction |

**FIGURE 10.6**
Three zones of tolerance

Unsurprisingly, researchers have found that the more important the purchase is to a consumer, the narrower is the zone of tolerance.[9] That is, the zone of tolerance for highly involved consumers will be quite small, but much wider for those consumers who do not care so much about the purchase or product category (see Figure 10.7).

Disappointed   Zone of tolerance   Delighted

**FIGURE 10.7**
Zone of tolerance varies in width depending on involvement and past experience

### Attribution

Imagine that you've just bought a new study chair and it arrives with the instructions: 'Some assembly required.' You carefully assemble the chair, mostly following the instructions, and it works perfectly. How do you feel? Who should take credit for this 'success'? Now imagine that there were three screws left over and the chair wouldn't adjust properly, as it did in the showroom. How would you feel now? Who should take credit for this 'failure'? Very few people blame themselves for poor performance, but good performance generally is **attributed** to one's self. As human beings, we seek to find reasons for the things that happen around us; we want to attribute responsibility for events to something or somebody. When it comes to our own behaviour, we tend to attribute good outcomes to our own cleverness and hard work, but we're much more likely to attribute bad outcomes to other people or to circumstances beyond our control. Similarly, unsatisfactory experiences with products and services usually are blamed on the provider of goods, when just as often it can be that the customer's requirements were wrong, or it was just bad luck.

### Equity

A predominant feature of feelings of post-purchase satisfaction is the belief that the consumer got a fair deal; that is, the belief that she didn't pay too much to the seller, or that other buyers got much the same treatment. Psychologists have found that **equity** theory seems to apply to both humans and primates.[10] An individual will consider that she is treated fairly if she perceives that the ratio of her inputs to her outcomes to be equivalent to those around her.[11] Imagine that you have purchased a new laptop computer with a well-respected brand from a reputable dealer. You're happy with the laptop's performance, so you feel happy with your decision. Now imagine that you show your new laptop to a friend on campus, whom it turns out has just purchased the same brand and model, and who then tells you that he paid $200 less than you did. How do you feel now? For many people such a situation brings up cognitive dissonance that must be resolved. The solution often is to blame the retailer, or to rationalise the purchase by increasing the perceived value of some other feature that may not have been so important before, such as a service guarantee, free software or the retailer's location.

## ALTERNATIVES TO THE CLASSICAL MODEL OF CONSUMER DECISION MAKING

The classical model of consumer decision making discussed for most of this chapter is a good starting point for most discussions and marketing strategy, but it should not be regarded as the end of the matter. In fact, very rarely do we see any consumer decision process follow the simplistic steps of problem recognition, search for solutions, evaluation of solutions, decision and post-purchase evaluation. We have already recognised in the discussion above that each step is subject to all sorts of caveats. Different product category characteristics,

**attribution**
The perceived cause of outcomes in our lives; favourable outcomes usually are attributed to ourselves, while unfavourable outcomes usually are attributed to others or to circumstances beyond our control

**equity**
The consumer's belief that she got a fair deal; that is, the belief that she didn't pay too much to the seller, or that other buyers got much the same treatment

different personality characteristics and different circumstances all affect the extent that a consumer may engage in any of those defined steps. Think about a recent purchase of your own. Even a very important decision involves just too much information processing and time for most people to go through all those steps in such a clear and systematic manner. Further, regular or trivial purchases look nothing like the standard model, and for some purchases the 'search for information' stage may be skipped altogether. For product categories of low risk and frequent purchase, such as groceries, a purchase is the easiest method to gather information and make brand evaluations. In such cases, the important objective for marketers is not the initial purchase but repeat purchase.

The actual decision process will vary greatly from person to person, and is largely a function of: the level of past experience that a person has with the category; the complexity of the product category; and the level of personal importance, or involvement, that the person has in the purchase situation or product category. Not surprisingly, consumers with past experience with a product category have much less research to do to learn about options, features and evaluation criteria. Similarly, more complicated product categories require much more information to be processed. Personal involvement, on the other hand, affects how individuals respond to complexity and past experience.

## Personal involvement

Consumer involvement refers to level of importance that a consumer attaches to a product or product category. Level of importance directly affects the degree of information processing that a consumer is willing to invest in the topic.

We usually refer to involvement as an enduring state. That is, involvement can be regarded a part of attitude towards a brand or category that persists over time. But sometimes an otherwise unimportant category becomes very important to a consumer because of the circumstances he finds himself in. Gift giving is one such example: a gift can be seen as a statement from you to another person about what you think of that person. That's important for most people. With this in mind, would you spend more time shopping for a present for someone you cared about than if you were buying for yourself? Would product features—such as packaging, brand, accessories and colour—be more important or less important?

### Factors affecting involvement

Three main dimensions affect the level of personal involvement:

- personal characteristics
- product category characteristics
- situation characteristics.

Personal characteristics might include personal needs, values, interests and past experiences. For example, a person interested in computers is very likely to be a regular buyer of computer magazines and browser of websites. He is also likely to be recognised by

others as knowledgeable in such areas. Similarly, if you have visited a particular country as a tourist or for work, then that past experience is likely to pique your interest in any news or promotions about that country.

Product category characteristics refer more correctly to the consumer's perception of those product characteristics. Price, for example, is important for most people because money is scarce for most people, and money spent on one thing is money foregone for other products and services. Relative access to resources for a consumer (budget), then, is a consumer characteristic that enhances the salience of price, along with other features such as waiting time and retailer location. Another way to think about product characteristics is the extent that a product is consumed privately or consumed publicly. Privately consumed products, such as most grocery products, generally are consumed in private—out of sight of peer groups who might judge us on our purchases. Publicly consumed products are those that others can see and make evaluations about. For many people, the clothes they wear are a statement to others about the type of person they wish to be seen as. For them, brand names and recent fashion are important indicators, or signals, about themselves. Until recently, underwear was regarded as a privately consumed product, and it didn't much matter what brand you wore. But if you follow the fashion of 'sagging' then your underpants become a very publicly consumed product. And brand becomes important.

Situational characteristics relate to the circumstances that the consumer finds herself in when making a purchase decision or when consuming the purchase. Gift giving, as we have seen, is likely to make an otherwise uninvolving product category much more important. By contrast, separation of who is buying and who is paying is likely to reduce the salience of price for the person who buys.



Understand the moderating effect of involvement on the decision process.

### There is no such thing as a low-involvement product

Many introductory textbooks talk about involvement as if it were a feature of the product category. For example, categories such as toothpaste and laundry detergent are called 'low involvement' products because of their relatively low price or low social risk, while categories such as cars or holiday destinations are called 'high involvement' because of their relative cost or social status. This can be a useful shorthand, but it risks missing some potentially important strategy opportunities for marketers.[12] Classification of product categories according to 'involvement' is just taking the average among a sample of consumers' perceptions. Recall that you probably know someone who seems to understand all that can be known about computers, and who can explain in detail why one brand is superior to another—and much more. And you probably know someone who just uses his computer for work, study and social networking, and doesn't want to know anything more. A relative of yours may change the toilet paper rolls in the house to another more expensive brand when guests are due to arrive—again, a usually privately consumed product becomes a publicly consumed product. And you may know someone who is very fashion conscious, while another friend seems to not care at all about how he looks. You can see that involvement is not a function of the product category features; rather, it's a function of how people regard

that product and its features at a particular time and in particular circumstances. That is, it can be argued that there is no such thing as a low-involvement product—involvement is a function of the person who is involved with the product or the product category. With that in mind, we see how some marketers attempt to make an otherwise unimportant product category more important by linking the product to something that we do regard as important. Most people don't care much about soft drink, but the Coca-Cola company has successfully linked images of healthy young people enjoying themselves on the beach (or skiing or sharing other exciting activities together) with Coke. The product may not be interesting, but the images definitely are.

### FUD: fear, uncertainty and doubt

Fear, uncertainty and doubt—or FUD, as strategists commonly call it—is the technique of creating suspicion in the minds of potential consumers about the possibility of making a wrong decision. Often FUD is misinformation, or deliberate propaganda, designed to persuade a consumer that the expensive but 'safe' brand is preferable to the unknown but cheaper alternative. The term was invented in the 1970s to describe the marketing practices of computer giant, IBM. The personal computer had not yet been invented, and computers were very expensive devices purchased by senior executives for payroll and warehouse management systems. The slogan frequently used was, 'No one ever got fired for choosing IBM'. More recently, some people have used Microsoft in the same way, but not in a flattering way. An example is a very professional-looking 'white paper' in 2007 sponsored by Microsoft that argued that the adoption of 'newer software' such as Windows Vista would be a huge economic boost for the whole of Europe, and implied that alternative brands and open-source software, such as Linux, could not be trusted.[13] It was all nonsense. In another case, in an attempt to dissuade consumers from installing apps from outside its propriety system, Apple warned that 'jailbreaking' an iPhone could cause damage to the operating system and also to network providers' mobile-communications systems.[14] The former claim could only be true if Apple sabotaged its own operating system, and the latter claim was not true at all.

Of course, as consumers we often generate our own FUD. How do you feel about switching from your current computer operating system—probably a recent variant of Microsoft Windows or Mac OS—to something new, such as Android or Linux? How do you feel about changing from Microsoft Word to an alternative such as Corel WordPerfect, which is excellent, or the free and very good LibreOffice?[15] Most people worry that such a change is too hard, too complicated and not compatible with other things we do or people we communicate with—or even that it might destroy our files. When you were investigating different university options, what did you learn from other people and what did you check for yourself? Did you hear good and bad things about your chosen university program? Were they true? FUD can be very effective if the customer doesn't have the skills, or the incentive, to first investigate the facts.

## High-involvement and low-involvement problem solving

As we suggested earlier, involvement—or the level of personal importance that a consumer places in a product category or a purchase situation—affects the level of effort that is invested in the decision-making process. Similarly, familiar and frequently purchased products require almost no problem solving at all. And, of course, the more complicated the product category is, and the more features that need to be understood and processed, then the greater is the level of search and evaluation. In fact, the classic model of consumer decision making describes what is known as extensive problem solving.

### Extensive problem solving

**extensive problem solving**
An elaborate problem-solving process that's likely to occur when the customer is purchasing a product that he has very little experience with, and which personally is very important

**Extensive problem solving** is an elaborate problem-solving process. It is likely to occur when the customer is purchasing a product that she has very little experience with, and which is important because of the category's hedonic value or a higher level of financial or social risk.

### Limited problem solving

**limited problem solving**
An approach characterised by low levels of perceived risk and involvement, so that little search is undertaken and information is processed in a passive, uncritical way

By contrast, **limited problem solving** is characterised by low levels of risk and involvement, so that little searching is undertaken and information is processed in a passive, uncritical way. Under limited problem solving, the customer does not see—and is not much interested in—product differences, so simple non-compensatory evaluation heuristics often are used. For example, price and brand name may be used as indicators of quality because alternatives otherwise appear to be the same and the customer is not motivated to investigate more complicated differences. In retail settings, in-store display and salesmanship may be key influencers to the purchase decision.

Most purchase decisions are relatively low involvement and this causes some difficulties for many brand managers. Brands with low market share tend to also have lower brand loyalty. This phenomenon is known as the 'double jeopardy law in marketing'.[16] If buyers cannot be persuaded to add a brand to their repertoire of acceptable brands, market share cannot grow.[17] And this is very difficult if a brand or product category is not personally important to potential customers.

Under high involvement conditions, mental processing is elevated, which prompts consumers to compare new information with their own beliefs and experiences, and judge information in a relatively systematic way. Under low involvement conditions, simple repetition of a message is sufficient to persuade consumers of the truth of a statement.[18] Obviously, this is a desirable situation for marketers who have nothing special to say about their brands. You may have noticed that politicians and some 'news' organisations also use mere repetition when communicating with people who don't want to understand the issues, or for whom the issues are too complicated.

### Routine problem solving

Routine problem solving requires almost no search and evaluation. The customer has already gone through a previous decision-making process and perceives no need to go

through it again. Problem recognition is simply the discovery that the household is running short of some frequently used product. When buying groceries, some customers don't even remember the brand name, only the package design when selecting their regular purchase. For a comparison of problem-solving modes, see Figure 10.8.
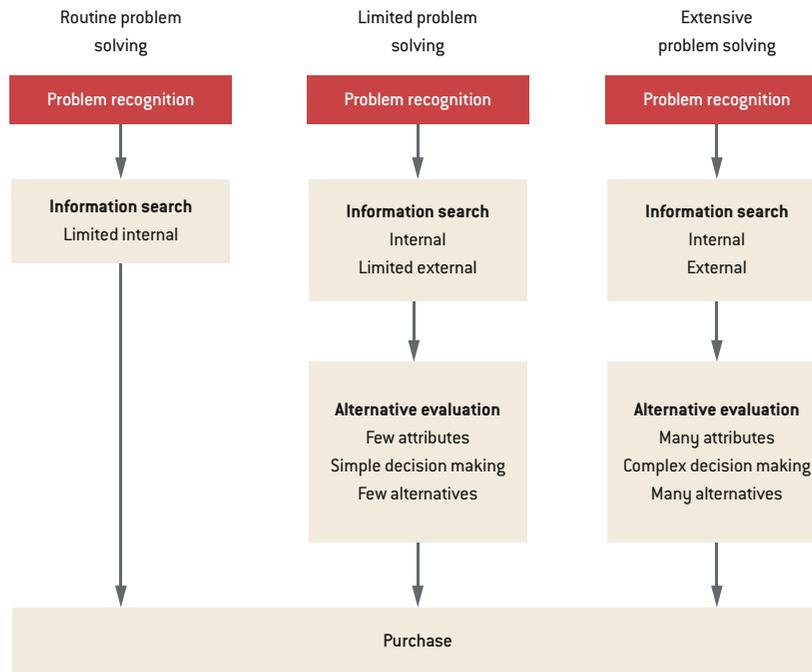


**FIGURE 10.8**
Problem solving as a function of involvement, experience and perceptions of product features

## Group decision making

So far we have discussed consumer decision making as if just one person is functioning in isolation. For many purchases that is true, but there are also other purchase decisions that are made for a household, or that will affect others within a group. Larger purchases, such as buying a home or buying household furniture, are obvious family decisions, but issues such as family meals or even breakfast cereal also involve input from family members (see Figure 10.9). In the case of group decision processes, we can see the different stages of the classical consumer decision-making model applying to different group members who will take different roles.

Dyadic decisions made by spouses within a household can be identified as either spouse dominant (made by either husband or wife) or joint decisions (syncretic decisions made by resolving the needs of both). In addition to thinking about the dominance of the person in a group decision, specific roles can be identified:

- initiator
- information gatherer
- influencer

- decision-maker
- purchaser
- user.

FIGURE 10.9
Family purchase decisions involve the resolution of different perceptions, motivations and roles



The initiator first identifies the problem or, if a problem has already been recognised, decides that it is time to make a purchase. The information gatherer takes responsibility for the search for alternatives and evaluative criteria. An information gatherer may also be a 'gatekeeper' who has the power to filter information and present it to other group members. The influencer has a personal interest in the outcome of the decision, but is not necessarily involved in actually buying or paying for the purchase, so seeks to influence the decision. The decision-maker assesses the information presented and makes a final decision. The purchaser obviously fulfils the purchase transaction, so has some control of when and where the purchase is made, though she may not be the person actually paying for the purchase. And the user is the person or persons in the household who benefit from the purchase consumption. One person in the household may take on several of these roles, and several people may take one role jointly or separately; information-gathering and influencing, for example.[19] There is also the potential for conflict between the different roles (see Figure 10.10).

You can see that this model of family purchase decision making closely follows the classical consumer purchase process discussed earlier in the chapter. Like the classical model, it is a good starting point but should not be regarded as the only way things happen in reality. Every household is different and all purchase decisions are different. People in groups vary in their level of influence and authority, as well as their perspectives and motivation. The task for the marketer is to identify those aspects of a purchase and of a product that are of most interest to different members of a group. In a sales situation, knowledge and motivations must be judged by a salesperson very quickly. It does not help,

**FIGURE 10.10**
The influencer role in household purchases may conflict with the decision-maker role

for example, if a salesperson talks about technical features only with the older male in a group, when others may have more knowledge and interest in such things.

## Do we really make consumer decisions?

As consumers, how much do we really make choices? At a superficial level we have a huge number of options when deciding to purchase groceries, cars, computers, mobile phones and so on. But at a more basic level, do we have much choice about whether we should buy particular product categories? Can you 'survive' as a student, an employee or just a member of society without a mobile phone? Or a laptop computer? There are a number of different ways that we do not really make choices:[20]

- Many purchases can occur out of necessity; for example, we have to eat and sleep somewhere.
- Purchases can be dictated from the lifestyles required of being a part of the dominant culture and can result from simple conformity to group norms or from imitation of others. As suggested earlier, if you are going to be a student then you must have access to a computer with internet connectivity, and you would find life much more difficult without a mobile phone. Peer group identification also demands particular consumption behaviour.
- Some category purchases are interlocked with other category purchases. If you drive a car then you are required to also buy insurance and registration, hold a driver's licence and buy fuel. You have no choice about whether you buy any of these services; for example, the 'choice' of buying fuel is confined to only when you buy and where you buy.
- Purchases can reflect preferences acquired in early childhood as a part of our socialisation process. For many social activities involving purchase, we don't make a choice so much as simply understand that 'this is what you are supposed to do'. If you attend a birthday party it is normal in most Western countries to bring a gift.

Adapt the consumer decision model to your own purchase experiences.

We rarely understand that such obligations are not necessarily 'normal' until we travel to other countries and witness another culture. At a more mundane level, your regular use of a toothbrush and the brand of toothpaste you use usually are the result of the socialisation process. Brushing our teeth is a part of our bedtime ritual.

- Purchases can be made exclusively on recommendations from personal or non-personal sources. This is especially the case when a consumer feels that he doesn't have the time or the skill to make a choice on his own.

Even when a choice process precedes purchase behaviour, it is likely to be very limited. It typically involves the evaluation of few alternatives, little external search, few evaluative criteria and the use of simple evaluation process models. There is little evidence that consumers engage in the extended type of search and evaluation outlined in the classical model. The majority of appliance buyers, for example, visit just one retail outlet and choose from the selection available in that store, with all information gathering and evaluation made in the few minutes before purchase.[21]

Many of the students reading this textbook will not have 'chosen' to take the subject 'Consumer Behaviour'. It is probably a compulsory unit within a marketing major. That is, you chose the marketing major and enrolment in Consumer Behaviour is a necessary consequence of that earlier decision. Business Statistics and Marketing Research may also be compulsory units. Attribution theory, which we briefly discussed earlier in this chapter, explains why most students are quite comfortable with this arrangement. It's not your fault. You didn't 'choose' these units—they just come with the major.

Too many options is actually a demotivator. When faced with too many alternatives, we become overwhelmed. In a famous study, researchers demonstrated that a large display of twenty-four jams available for tasting was more attractive than a display of six jams, but when it came to making a selection, twice as many people made a purchase when faced with just six options than when faced with twenty-four options.[22] One of this book's authors made a similar finding when consulting for a different university department. The university philosophy was admirably flexible: students could customise their programs by taking the compulsory units and then selecting electives from any of hundreds of units across the university. University administration thought that students would be very happy with so much choice. They were not happy. We discovered that when a group of students was offered a selection of 'streams' with electives already suggested for them, they felt much more comfortable with their choices and, ironically, they felt that they had more flexibility in their choices!

## MEASURING FACTORS IN CONSUMER DECISION MAKING

It can be valuable for marketers and marketing researchers to identify and measure consumers' decision processes and personal involvement. In this section we discuss some techniques that you can try for yourself to measure your own purchase motivations and those of your colleagues, plus a couple of exciting new advances that require considerable skill and technology.

## Measuring consumer decision processes

A key tool used by promotions specialists and product designers is means-end chain analysis and laddering. This helps us to identify and link product features to our personal motivations. Such a valuable tool requires no high technology, but only systematic and empathetic interviewing techniques. Neuroimaging, by contrast, tries to find out what is happening deep in a person's mind.

### Means-end chain analysis and laddering

What means are used to achieve a desired end? Means-end analysis originally was a technique used by engineers and planners to design the steps through which they or a project must go in order to achieve a desired goal. Typically, they would imagine the finished outcome—the goal—and then step back to imagine and document what should be the last thing to be built, and continue backwards until all steps had been documented. In applied consumer behaviour research, we try to understand the basic drives, motivations, evaluative criteria and constraints used by consumers that bring about a final outcome: the purchase decision (see Figure 10.11). Based on the notion that a product feature is linked to consequences, a chain of values can be constructed to link personal values and preferences to salient product attributes. The technique used by psychologists to draw out these steps and motivations is called 'laddering'. Laddering involves asking a series of linked questions that lead the interviewee through the underlying reasons or consequences of a purchase. Following each clear response, the interviewer asks for the rewards or consequences of each benefit. We find that respondents often make use of metaphor, symbols or figures of speech, when some benefits and consequences are too abstract to be put into words. Some examples of researchers' application of such metaphors are shown on page 469.
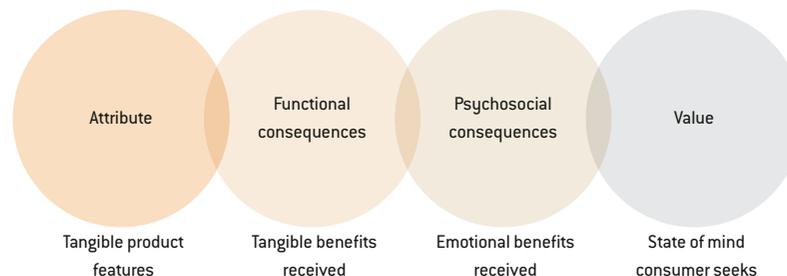


**FIGURE 10.11**
Means-end chain links product attributes to personal values

| Attribute | Functional consequences | Psychosocial consequences | Value |
| --- | --- | --- | --- |
| Tangible product features | Tangible benefits received | Emotional benefits received | State of mind consumer seeks |

Here is an example of how a laddering interview might progress:

Q: What features appealed to you most about your soft drink?

**A: It's low in sugar.**

Q: And what does less sugar mean to you?

**A: Well, that means there are fewer kilojoules.**

Q: And why is fewer kilojoules important to you?

**A: I'm trying to lose weight.**

Q: You feel you need to lose weight?

**A: Yes, I want to look better in clothes.**

Q: And why does it matter that you look good in clothes?

**A: I want to look good for myself!**

Q: Anything else?

**A: Well, I want other people to like me, too.**

We can see that the attributes—low sugar and low kilojoules—lead to core values for this consumer and on to feelings of personal attractiveness, social approval and self-esteem (see Figure 10.12).

**FIGURE 10.12**
An example of a means-end chain for a soft drink



| Attribute | Functional consequences | Psychosocial consequences | Value |
| --- | --- | --- | --- |
| Low sugar<br>Low kilojoules | Lose weight<br>Look good in clothes | Physically attractive to others | Self-esteem |
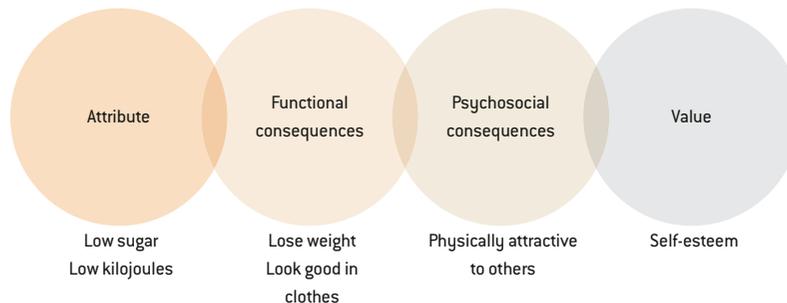
The attribute value chain presented in Figure 10.13 is the result of a student project investigating consumer responses to an online portal for an adventure sports company in

**FIGURE 10.13**
An example value chain for an Indian adventure sports website
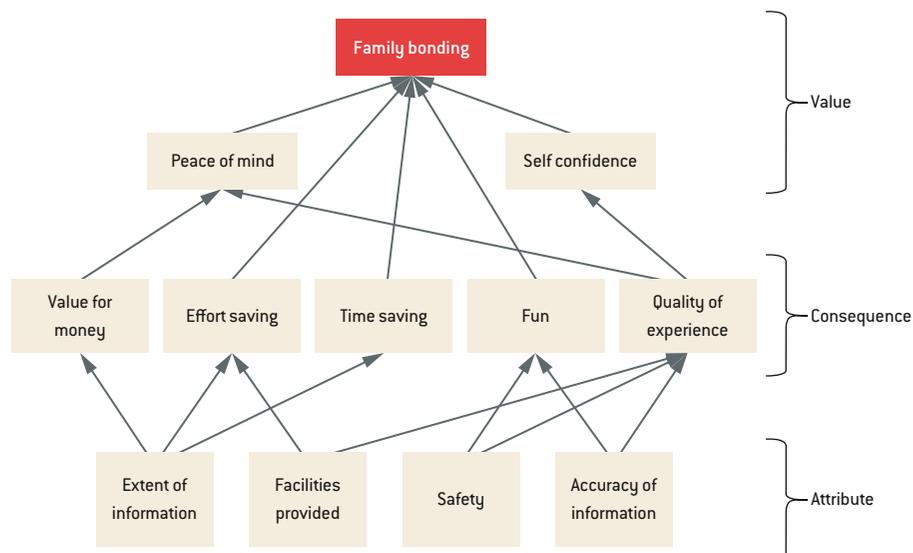
India, which offers trekking tours and white-water canoe trips in the Himalayas.[23] The diagram shows that different types of information on the website provides important tangible consequences for potential clients, and these consequences all lead to self-confidence, confidence in the organisation and a belief that the family holiday will bond the family even more.

In practice, laddering techniques reveal that consumer motivations are often not nice hierarchical processes as shown here. In many cases means-ends chains are a network of concepts and inter-connecting motivations.[24] That is, for some people 'A' is a means to achieve 'B', but others will say that 'B' is a means to achieve 'A'. For most marketing practitioners, however, the technique is a valuable tool for pointing to core values that can be linked directly to product features, and the discovery of what features are salient to target consumers.

### Neuroimaging

One of the difficulties for both marketing researchers and practising managers is that many of the decision-process stages are very difficult to measure. By its very nature, a decision process is unobservable: it happens inside a person's head. Even answers to direct questions are moderated by a person's own censorship policies, which are driven by what he thinks he should say and do. Increasingly, researchers are looking to bypass traditional question-and-answer methods of trying to understand what information is used, and how it is processed, by looking directly at brain functioning. The science of neuroimaging, using functional magnetic resonance imaging (fMRI) permits researchers to see which parts of the brain are activated during different types of mental processing. With a map of the brain and brain functions, researchers can infer when memory is being processed, when people are integrating new information, and when they approve or do not approve of a message. For example, with this technology one German team was able to determine that Starbucks drinks in Germany were less expensive than most buyers were willing to pay.[25] In another study, researchers found that people compare the opinions of celebrities and experts with their own existing opinions, and that the size of opinion difference and level of perceived expertise affected the integration of beliefs.[26] Importantly, researchers are able to identify those areas of the brain associated with belief and disbelief. Disbelief activates emotional centres much more because it causes us to process conflicting messages (see Figure 10.14).[27]

Most practitioners and researchers do not have the luxury of using customised brain-scanning technology to see if they are reaching and affecting the decision processes of their target consumers. In these cases we have to rely on old-fashioned, but very reliable, techniques of observation and question-asking.

## Measuring personal involvement

Personal involvement is the level of personal importance a consumer holds towards a brand or product category. As a form of attitude it is usually then measured with the three components of attitude: cognition (thinking), affect (feeling) and conation (behavioural

**FIGURE 10.14**
Processing and integrating different information activates different parts of the brain
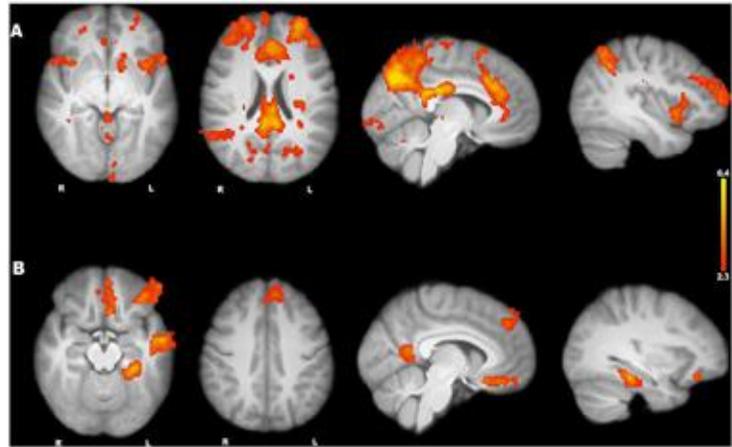
tendency). Other researchers have argued that personal importance is really about feelings, not cognition. So a better approach to involvement is to think about hedonic (fun) aspects of a brand or category, and about the extent to which a category signals to others, and one's self, about the type of person who uses the product.

### Zaichkowsky's personal involvement inventory (PII)

In 1994, Judith Zaichkowsky suggested, and tested with good success, a ten-item semantic differential scale designed to capture the two dimensions of cognition and affect (see Table 10.3).[28]

**TABLE 10.3**
Zaichkowsky's personal involvement index (PII)

| TO ME [THE OBJECT TO BE JUDGED] IS: | | | | | | | |
|---|---|---|---|---|---|---|---|
| important | 7 | 6 | 5 | 4 | 3 | 2 | 1 | unimportant* |
| boring | 1 | 2 | 3 | 4 | 5 | 6 | 7 | interesting |
| relevant | 7 | 6 | 5 | 4 | 3 | 2 | 1 | irrelevant* |
| exciting | 7 | 6 | 5 | 4 | 3 | 2 | 1 | unexciting* |
| means nothing | 1 | 2 | 3 | 4 | 5 | 6 | 7 | means a lot to me |
| appealing | 7 | 6 | 5 | 4 | 3 | 2 | 1 | unappealing* |
| fascinating | 7 | 6 | 5 | 4 | 3 | 2 | 1 | mundane* |
| worthless | 1 | 2 | 3 | 4 | 5 | 6 | 7 | valuable |
| not needed | 1 | 2 | 3 | 4 | 5 | 6 | 7 | needed |

The items labelled *interesting*, *appealing*, *fascinating*, and *exciting* represent an emotional (affective) dimension of involvement, and the items labelled *important*, *relevant*,

*valuable*, *means a lot to me*, and *needed* represent the rational (cognitive) dimension of Involvement.

Under Zaichkowsky's PII, the items representing the affective dimension of involvement are summed to create a score ranging from 4 to 28 (or averaged for a 1–7 range). A high score indicates a high level of emotional involvement in a product category or situation. Similarly, the five items representing the cognitive dimension are summed to give a score ranging from 5 to 35 (or averaged for a 1–7 range), with a high score indicating high cognitive involvement in a category or situation.

### Higie and Feick's enduring involvement scale

Higie and Feick pointed out that the cognitive component in other measures of involvement could be confused with necessary but uninteresting parts of a person's life. Laundry detergent, for example, frequently scored very high on involvement scales simply because it was something that homemakers knew that they must have.

Higie and Feick adapted scales from Zaichkowsky's original PII,[29] and another scale by McQuairrie and Munson,[30] and added their own items to propose and test (also with success) a scale with two dimensions: hedonic experience and self-expression[31] (see Table 10.4).

| TO ME [OBJECT TO BE JUDGED] IS: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| fun | 7 | 6 | 5 | 4 | 3 | 2 | 1 | not fun |
| appealing | 7 | 6 | 5 | 4 | 3 | 2 | 1 | unappealing |
| interesting | 7 | 6 | 5 | 4 | 3 | 2 | 1 | boring |
| exciting | 7 | 6 | 5 | 4 | 3 | 2 | 1 | unexciting |
| fascinating | 7 | 6 | 5 | 4 | 3 | 2 | 1 | dull |
| tells me about a person | 7 | 6 | 5 | 4 | 3 | 2 | 1 | shows nothing about a person |
| others use to judge me | 7 | 6 | 5 | 4 | 3 | 2 | 1 | others won't use to judge me |
| part of my self-image | 7 | 6 | 5 | 4 | 3 | 2 | 1 | not part of my self-image |
| tells others about me | 7 | 6 | 5 | 4 | 3 | 2 | 1 | doesn't tell others about me |
| portrays an image of me to others | 7 | 6 | 5 | 4 | 3 | 2 | 1 | does not portray an image of me to others |

**TABLE 10.4**
Higie and Feick's enduring involvement scale

The first five items on the scale (*fun, appealing, interesting, exciting* and *fascinating*) capture the hedonic component of personal involvement. The last five items (*tells me about a person, others use to judge me, part of my self-image, tells others about me* and *portrays an image of me to others*) capture the self-expression component of personal involvement.

## INDUSTRY INSIGHTS

Since 2006, Sydney marketing research consultancy, Inside Story, has been experimenting and working with clients using a variant of means-end chain analysis called 'somatic metaphors'. Metaphors pose a means of access to feelings and thoughts that cannot be readily expressed in words. Latest thinking about emotions points to the potential importance of somatic metaphors because emotions are embodied; that is, experienced in the body. By accurately reflecting the bodily experience, marketers create more powerful communications. Metaphors are perfect for this.

Some examples of metaphors are 'fast forward', 'over the top', 'hidden', 'surface', 'deep', 'cold', 'down to earth', 'blood boiling' and 'backed up against the wall'. These metaphors all relate to bodily experience. They can contain clues that help researchers understand people's emotions as well as predispositions to like and dislike ads, packs and brands.

We can widen our 'vocabulary' to encompass experiences that cannot be readily expressed in language by using images instead of words to express emotions. We ask members of the target market to select images that express how they feel, or want to feel. In 2009, US news company CNN published a list of the twelve most annoying types of Facebook users.[32] They were described as:

- The Let-Me-Tell-You-Every-Detail-of-My-Day Bore
- The Self-Promoter
- The Friend-Padder
- The Town Crier
- The TMIer[33]
- The Bad Grammarian
- The Sympathy-Baiter
- The Lurker
- The Crank
- The Paparazzo
- The Obscurist
- The Chronic Inviter.

The somatic metaphor process was applied to these profiles to link emotional states with online behaviour.

The states can come to characterise individuals and how they predominantly experience their sense of self. While many individuals experience a predominant somatic experience, most individuals experience two or more of these states on a regular basis. Some states also have more relevance to some brands and product categories. As example, the Berocca 'Natural Fizz' advertisement invites you to bring out your natural fizz, and like other bubbly

### Rolling waves—Onwards and upwards



These are your Self-Promoter, Town Crier, TMIer, Paparazzo and Obscurist types. The feeling of the rolling wave state is one of momentum: a powerful force that is always on the move. There is no way of stopping it or tying it down. Rolling waves are expressive and expansive—their consciousness is directed outwards. Like the ocean, there is no force that can stop them.

### Flowing stream—Controlled energy beneath the surface



They are the sensible people using Facebook—the ones who are not annoying at all. The feeling of flowing streams is one of controlled energy. The stream follows a well-worn path—a path not influenced by outside factors, but influenced by solid foundations. They are often a source of strength to others due to their steady, quietly confident approach to life. They tend to be disciplined and mature, approaching life in a structured fashion.

### Babbling brooks—Bubbling up!



They are the Let-Me-Tell-You-Every-Detail-of-My-Day Bore, Friend-Padder, Sympathy Baiter and the Chronic Inviter types. The bubbling brook state is characterised by energy and excitement. The water looks light and frothy on the surface, almost transparent and when the sun hits it the water positively sparkles! They are attracted by fantasy and romance, and don't let responsibilities get them down. Success is important, but they do not strive to overachieve.

### Still waters—Run deep



They are Cranks and Lurkers. The feeling of still waters is a deep dark pool ... you can't see the bottom. The water is cool and still but very deep. They can come across as unfriendly or difficult but do shine when they are within their comfort zone.

products has a natural connection (see Figure 10.15). Energy is linked to feeling good and well-being. Note the glow and brightness in the advertisement; that is, something desired. There is also a transformational aspect of the bubbles—it helps her to get on with life—another central theme.

**FIGURE 10.15**
Berocca's 'natural fizz'



Source: Paul Butterworth for Campaign Palace. Creative: Russell Smyth. Production: Plush and FUELVFX. Accessed at https://vimeo.com/11827443.

**PRACTITIONER PROFILE**

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## ADRIAN MILLS

**Adrian Mills is currently group account director at McCann Melbourne.**
I am responsible for the accounts within my portfolio and a team of really talented young suits. Our clients include government departments, a financial institution, two railways, a search engine, a law firm, a dictionary, a social network and quite a few other projects. Advertising has been a great friend to me over the last decade and a half. It's a genuine passion that can both steal your physical energy and energise your spirit in the same moment. In the last few years I've had the opportunity to work on a number of projects that I'm really proud of. Along the way I've picked up long list of awards and an even longer list of friends. It's been great.

*How did your career start?*
In 1998, I began studying politics and philosophy at Melbourne University. The artist in residence at my college advised me that my love of mischief, disrespect of protocol and fondness for a drink would better suit the dark art of advertising than a life of public service or academia. So drawn by the people, the creativity and the prospect of endless hours, I focused my attention on getting a job in advertising. First I travelled to the UK where the job market was much larger than Australia and after a couple of months' unpaid internship, I landed my first job. That was the last time I paused for breath.

*What advice would you offer a student studying consumer behaviour?*
If you remember that you are rarely the target market, you'll be fine. Always resist the temptation to base any assumption you may have on your own behaviour. Most people don't live like advertising professionals live. You have to get out of the office and observe people. Put a human face to your data. Reach for the suburbs, listen to talkback radio and read the trashiest, most popular newspaper in your market because deep within the first two paragraphs of every article is what most people think.

*How important are consumer insights to what you do and to your organisation?*
Relevance is everything in our profession. There is no such thing as a great irrelevant idea in advertising. People admire and respond to advertising that solves business problems by leveraging the power in relevant consumer insights. Over 101 years, McCann has built

a business based on a simple philosophy: 'Truth Well Told'. Find the truest, most potent insight. Then tell it well. Advertising is that simple.

*What is the hardest decision you've had to make to date?*

The more senior you get, the harder the decisions are. Not only do your decisions become career defining for your staff, but they also affect people's lives in the real world. We work with a number of government clients and the work we do in reducing problem issues like gambling and alcohol abuse does have a profound impact on the lives of the community we live in. You need to take your role seriously. There have been times when we've had to decide between presenting an idea that will test well with a focus group and an idea that in our hearts we know will actually work. Sadly they are too often two different things. I'm proud of my team in that we refused to do the former with Dumb Ways to Die, which is a great example of what you get when you back yourselves in.

*How important is social media to you?*

Social media has made advertising more exciting than ever, in that it has opened up exciting new ways of getting messages to market. Indeed, social media is a true test of a piece of work. If it is shared socially, then you know you've tapped into something pretty rich.

*What has been your favourite project to work on?*

While Dumb Ways to Die was an incredible project to be a part of, the work I'm most proud of is McCann's 100 Day Challenge for the Victorian Responsible Gambling Foundation. We were originally briefed to make an advertising campaign. Instead, we created a treatment program that changed the future for thousands of very worthy people. I'm not a particularly emotional guy, but the journey and the work choked me up.

*The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?*

Bring it on. Technology changes both the way we shop and what we shop for. It doesn't, however, change the portion of our incomes that we choose to spend. The money still gets spent—it just goes on different things. In Australia last year, there were literally thousands of jobs available for pizza chefs. People are necessarily banking the savings that efficiency brings.

## SUMMARY

1   Explain the classic consumer decision model.
    The classical way of thinking about consumer decision processes is through a problem-
    solution framework:

    - problem recognition—a perceived variation between ideal state and actual state that is
      large enough to prompt action
    - information search—seeking out alternative solutions (and learning how to judge those
      solutions) and other information such as accessibility
    - alternative evaluation—the process of applying judgement criteria to the features of
      the possible solutions so that a rational and complete 'best' solution is identified
    - purchase decision—selection of vendor, timing and payment
    - post-purchase behaviour—the consumption experience, which provides clear informa-
      tion about the wisdom of a purchase. The difference between expectations and actual
      performance is the measure for satisfaction and it provides valuable input for future
      purchase decisions.

2   Understand the moderating effect of involvement on the decision process.
    Consumer purchases rarely, if ever, proceed in such a formal linear way as outlined in the
    classical model. Human beings are limited by our inability to process all of the information
    available to us, and by our lack of interest in much of that information. The level of personal
    importance, or involvement, moderates much of our purchase information gathering and
    processing. The level of experience with a product category or brand, plus the complexity of
    a decision and our involvement in the category or situation, determine whether a purchase
    process can be categorised as:

    - routine problem solving
    - limited problem solving
    - extensive problem solving.

        Routine problem solving occurs when a consumer already has sufficient experience
    with a purchase decision that she can resolve to simply rebuy. Limited problem solving
    occurs when the purchase decision is relatively unimportant and uncomplicated. We only
    engage in extensive problem solving when we find the product category fairly complicated,
    and when the purchase or the situation is important enough to invest the time and effort
    into information gathering and processing.

3   Understand how consumer past experiences drive expectations and judgement criteria.
    Past experiences that have been rewarding or unpleasant are stored in memory and are
    brought up in purchase and consumption occasions to establish criteria for what a product
    or a service should be like. When a consumer recognises that memory of a particular product
    situation is limited, and if the situation is important enough, then more extended search

and evaluation may occur. We can understand the links between fundamental human needs and product attributes by using means-end chain analysis. Recent applications of brain-scanning technology show us how information is linked to past experiences and beliefs are formed.

4   Adapt the consumer decision model to your own purchase experiences.
The classic consumer decision model can be regarded as an 'ideal type'—a construct that really only exists in theory. Different consumers, different product types and different communication and distribution systems may create short-cuts, skips or even reverses in the usual steps. For example, group decisions, such as in a household or family, mean that the problem-solving process is distributed among different roles, so that one of many people can take roles of:

- initiator
- information gatherer
- influencer
- decision-maker
- purchaser
- user.

With these principles and many caveats in mind, most practising marketers produce their own adaptation of a decision process model, customised for their target market and product type.

## KEY TERMS

| | | |
|---|---|---|
| attribution | evolving problems | internal search |
| cognitive dissonance | experience goods | limited problem solving |
| compensatory rules | extensive problem solving | nested decision |
| confirmation of expectations | external search | non-compensatory rules |
| credence goods | heuristic | planning problems |
| emergency problems | hierarchy of effects | routine problems |
| equity | inept set | search goods |
| evoked set | inert set | zone of tolerance |

## END-OF-CHAPTER QUESTIONS

1   Consider the product category 'sports shoes'. Can you name those brands in your evoked set? What brands, if any, are in your inept set? And what brands, if any, are in your inert set?

2   Think about your own decision to enrol at university. To what extent was it an extensive problem-solving task? Was it an evolving problem for many years, or was it an emergency problem? To what extent was your decision 'nested', in that you decided first on a type of

degree then looked for alternative offerings? Or did you decide on a particular university or city and then look for options within that sphere? How much influence did other people have on your decision? What other sources of information did you seek out? To what extent did you need to select among different alternatives? How were other possible options removed from consideration?

3   Consider your last purchase of a major consumer good, such as a laptop computer or a smartphone. To what extent did you follow the classic consumer decision-making model? How did your experience differ from the classic model?

4   How do you judge whether you have had a good university education? To what extent is your evaluation based on search, experience or credence? Name some recent purchases you have made in the past that can be called search, experience or credence.

5   Most people have trouble recognising when they have experienced cognitive dissonance. Why do you think that is the case?

6   How important is buying a laptop computer to you? How important is finding a new hairdresser when your regular hairdresser goes away? Use the Higie and Feick enduring involvement scale to measure your own personal involvement for those two product categories. How do you compare with your classmates? What features of the product category affected your involvement in the category?

7   Is it possible to turn a product category that most people don't much care about into something that is personally important? Can you identify some product categories that would fit this description?

8   Have you experienced any fear, uncertainty and doubt (FUD) about products you have considered buying? How do you tell if it's FUD or real?

9   Think about a major purchase decision made within your family or household. What roles were taken by different members of the group? How do those roles change when different decisions are made?

10   Think about the product features of your laptop computer or smartphone that are different from competing brands and important to you. Draw a means-ends chain from those features to your personal values.

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## WEBLINKS

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http://emotiv.co

**Neuroscience marketing—**
www.neurosciencemarketing.com

**Sands Research—**
www.sandsresearch.com

**The consumer psychologist (Adam Ferrier)—**
www.theconsumerpsychologist.com

**You are not so smart (Blog by David McRaney)—**
http://youarenotsosmart.com

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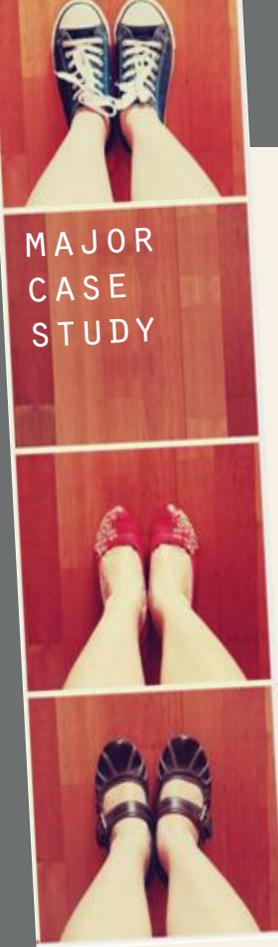
# Beauty in different eyes

By Peter Ling, RMIT University

## Introduction

Beauty is beheld differently in different countries, and this is reflected in the demands made on surgeons' scalpels. There are seven times more buttock operations in Brazil than the top-25 country average, and five times more vaginal rejuvenations. In Greece, penis enlargements are performed ten times more often than the average.

The quote from the *Economist* shows that plastic surgery has become popular worldwide among women and men. Global cosmetic surgery is estimated to be worth about US$7 billion in 2013. This case discusses plastic, glamorised and natural beauty.

## Plastic beauty

Global associations of plastic or cosmetic surgeons have reported on the increasing popularity of cosmetic surgery. Here are some highlights from different regions:

1   The International Society of Aesthetic Plastic Surgeons revealed in its 2011 report that there were 3.2 million Botox injections and 1.2 million breast augmentations in the world. While the USA accounted for more surgical procedures, China, Japan and South Korea were in the top ten countries for cosmetic surgical procedures.
2   The American Society of Plastic Surgeons reported that there were 13.8 million cosmetic plastic surgery and 5.5 million reconstructive plastic surgery procedures in 2011. About 1.6 million cosmetic surgical procedures were for breast augmentation, nose reshaping, liposuction, eyelid surgery and facelift.
3   The British Association of Aesthetic Plastic Surgeons announced that there were over 43,000 surgical procedures in 2012, with 17 per cent growth in brow lifts, 14 per cent increase in face and neck lifts, and 13 per cent increase in eyelid surgery and fat transfer. While 90 per cent of the surgeries were on women, male brow lifts had increased by 19 per cent. There were 5324 anti-ageing face or neck lifts, compared with 4217 breast enhancements.
4   The Cosmetic Physicians Society of Australasia and the Australasian College of Cosmetic Surgery estimated that Australians spent about $645 million on non-surgical treatments in 2011–12. The figure increases to $1 billion when including breast implants, liposuction and laser skin treatments in the pursuit of manufactured beauty over natural looks.

Men now account for 20 per cent of plastic surgery in Australia, with requests for anti-ageing neck or face lifts, body contouring and liposuctions. This trend is fast catching up on US men, where about 25 per cent of surgery is on the nose and eyelid surgeries and cheek implants.

The emotional need to look and feel good has led to many women desiring saline or silicone-filled breast implants for breast enlargement or post-mastectomy breast reconstruction, despite concerns about breast distortion, breastfeeding difficulty, cancer, implant movement, scarring, swelling and silicone leakage or rupture.

Magazines have also jumped on to this desire. In 2005, the British *Zoo* men's magazine ran a competition to 'win your lady a brand new set of expertly crafted [breasts]', but the Advertising Standards Authority censured the publisher for taking an irresponsible and irreverent approach. In 2007, *Zoo Weekly* magazine offered a $10,000 competition prize for a similar procedure, but the Australian Society of Plastic Surgeons criticised the magazine for trivialising a serious surgical process.

Mass media have highlighted this obsession with breast implants, especially following a European breast implant scandal. French authorities closed down a breast implant manufacturer, Poly Implant Prothese, in 2010 for using non-authorised, substandard, industrial grade silicone. A British medical review then recommended non-commoditising cosmetic surgery, controlling cosmetic surgery advertising and banning unethical sales promotion incentives for cosmetic surgery, as well as setting up a breast implant register to ensure women are not given faulty, rupture-prone implants.

Interest in plastic beauty has also led to increased medical tourism, where tourists travel abroad, often quite cheaply, for cosmetic surgery, dental care and fertility treatment, among other procedures. An OECD scoping review estimated that there could be 30–50 million tourists annually visiting health care countries such as Dubai, India, Singapore, Thailand and the UK. About 500,000 medical tourists visit Thailand every year, a number that is growing at 16 per cent annually. Korea, recently branded as the 'plastic surgery capital of the world', has been attracting medical tourists from China, Russia and Mongolia.

A research study estimated that 15,000 Australians spend A$300 million on cosmetic surgery abroad yearly, especially in Thailand and Malaysia, with these surgery tourists also pampering themselves in spas and shopping centres. The Australian Society of Plastic Surgeons cautioned Australians about having cosmetic surgery while on holiday overseas. It announced that its survey of specialist plastic surgeons revealed that corrective breast surgery in 2012 made up 68 per cent of surgical revision procedures, followed by facial, abdomen and body contouring revisions.

The website Patients Beyond Borders (www.patientsbeyondborders.com), which positions itself as 'the world's most trusted source of consumer information about international medical and health travel', reported that the market size for medical tourism is worth US$20–40 billion. The website has editions for medical tourists interested in Dubai, Korea, Malaysia, Mexico, Singapore, Taiwan, Thailand and Turkey. Founder of Patients Beyond Borders is Josef Woodman,

who researched 200 medical facilities in thirty-five countries over eight years. See Woodman on the Fox News talking about the 'Growing trend in medical tourism' at this link: www.youtube.com/watch?v=MDVKgaEHdIw.

## Glamorised beauty

While reconstructive surgery is understandable, the growth in cosmetic surgery could be attributed to massive media coverage of celebrities and models. Research studies have also highlighted the desire for such glamorised beauty.

One study on female beauty types involved eighteen New York fashion editors, who individually reviewed ninety-six randomly selected photographs of models from four major modelling agencies. They sorted the photographs into similar appearance groups, selected a representative photograph for each group and described the selected photograph for beauty type. The emerging six beauty types were classic beauty, exotic, sex-kitten, trendy, cute and girl next door.

A similar study examined male attractiveness portrayed in Australian advertising, where eleven photographers, marketers, creative directors and modelling agents reviewed 100 photographs of male models from three large Australian agencies. Again, they sorted the photographs into similar attractiveness groups, selected one exemplar image from each group, and described the type of attractiveness. The eight types of attractiveness were sophisticated, classic male model, rugged, sexual, androgynous, surfie, offbeat and boy next door.

## Natural beauty

By contrast to plastic beauty and glamorised beauty, Unilever has been advocating natural confident beauty since 2004 through its Dove 'Campaign for Real Beauty'. Unilever discovered that many women and girls had both a limited definition of beauty and low self-esteem about their looks. Hence, Unilever launched several advertising campaigns over many years to debunk the thin and beautiful stereotype and to increase self-esteem among women and girls. The advertisements featured six women with natural bodies and curves; showing wrinkled, grey, freckled, tall and overweight women, asking whether they were wonderful, gorgeous, flawless, beautiful and fit; and encouraging girls to accept their natural features and let their unique beauty to shine through.

In 2013, Dove launched its 'Real Beauty Sketches' campaign showing an artist's sketches of how women insecurely described themselves and how other unrelated women perceived their attractiveness. The campaign attracted more than 135 million online viewers, winning *Advertising Age*'s viral campaign of the year and several creativity awards (see Figure 3A.1).

FIGURE 3A.1
Dove's 'Real Beauty Sketches'

## QUESTIONS

1   What kinds of plastic surgery do women and men want?
2   Why has medical tourism increased?
3   What are popular medical tourism destinations?
4   How has beauty been glamorised?
5   How has Unilever portrayed beauty compared with the plastic surgery industry?

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# Branding Australian cricket's subversive little brother

Project: Twenty20 Big Bash League
Client: Cricket Australia
Agency: FutureBrand

FIGURE 3B.1
Twenty20 Big Bash
League logo



## Background

Australian cricket was facing a huge and unique challenge in a sports context, due to it having three related but increasingly distinct formats: test, one-day and Twenty20. Careful portfolio analysis revealed both the potential 'fit' between the Twenty20 short-form format and younger audiences, but also highlighted the dangers of one format potentially cannibalising or diluting the audience for another format. Part of the problem was cricket being perceived as a comparatively boring and traditional game, which was at odds with the intensity and immediacy sought by a younger generation of fans. Structural issues were exacerbated by poor performances at test level, traditionally the barometer for Australia's popular attitude to cricket, and by other off-field controversies.

The new portfolio strategy was centred on the reinvention of the state-based T20 format to specifically target a younger audience through the introduction of new league, with new teams and new players, all expressed through an unexpected raw, urban attitude—by any estimation a big shift for a sport steeped in tradition and perceived to be on the wane.

## Objectives

Australian cricket needed to re-engage a potentially lost generation of younger cricket fans as both game attendances and television audiences were stagnant or in decline. Increasing competition from other sporting codes displaying a much more 'in touch' attitude to overall youth style and channels (as opposed to simple 'sport' style) were seriously threatening cricket's position as 'Australia's favourite sport'.

## Strategy

Inventing a league and tournament with no history, using teams with no grass-roots base, while simultaneously distancing the Twenty20 product from the one-day format without alienating 'mums and dads', seemed an almost impossible task—on paper at least. What we did have going for us was a product that perfectly suited the adrenaline/drama junkie desires of Australian youth, yet was still underdeveloped and poorly packaged. We also had a new league format that would address the 'so what?' criticisms of previous Big Bash seasons in that it would culminate in a genuine finals series.

One other asset to activate was in the latent strength of local (as opposed to state versus state) rivalries that generate so much passion in the NRL and AFL. By using more tangible city profiles we would be able to quickly attach some genuine identity to these new teams. To increase the distinction from the past each team would select a non-traditional team colour and a name that would *not* evoke a local animal or historic aspect—so no 'Redbacks', 'Bushrangers' or 'Blues'. Again, this was a big cultural and brand departure.

Lastly was how the teams would be constituted. There would be the excitement of the initial rostering process where, unlike the 'all star' approach of the Indian Premier League, the Big Bash League would combine young local talent, experienced test stars and some cosmopolitan glamour via two overseas stars per team—be they from Delhi, Auckland, Islamabad or Somerset.

## Execution

There was an opportunity to challenge the visual paradigm of cricket and express what 'anti-cricket' or 'cricket's subversive little brother' could look like. The heightened dynamism, intensity and immediacy was designed to provoke renewed interest from a younger generation of fans. From the split shield symbol to the gritty concrete textures, every aspect of our creative approach was designed to convey anti-establishment and a 'counter cricket culture' that would deliberately polarise audiences—even at the expense of alienating older traditionalists.

The desired outcomes included projected increases in broadcast reach, game attendance and commercial revenue, with a significant contribution from the targeted younger generation of fans and their families. The new identity and design informed a huge array of social media and advertising applications that collectively challenged preconceptions of cricket, built strong anticipation and awareness of the new league, and ultimately provoked passionate debate about the new teams and players.

FIGURE 3B.2
Twenty20 Big Bash
League advertising
material

## Results

The results from the first season showed a dramatic increase in both broadcast reach (80 per cent increase compared with previous season) and game attendance (58 per cent above KPI, with 49 per cent attending a T20 game for the first time), predominantly from the targeted younger audience. The media value of the T20 Big Bash also increased significantly (730 per cent compared with the previous season). Over 30 per cent of kids interested in cricket now describe themselves as fanatical about the T20 format compared with the previous season.

Mike McKenna of Cricket Australia says that the target of attracting 16,000 fans per match was exceeded: 'We certainly beat that: we're at nearly 18,000. The TV ratings have really surprised us and delighted us. We were expecting somewhere in the region of 165,000—and we are well ahead of that in the region of 280,000 per match, so we're very pleased with those KPIs.'

## QUESTIONS

1   What were the principal challenges in rebranding and relaunching the domestic Twenty20 competition?
2   What was the target market of the new Big Bash League? How did it differ from traditional test cricket fans?
3   How were teams constituted for the new Big Bash League?
4   What strategies were used to engage the target market?
5   How was the success of the campaign measured?

'Branding Australian cricket's subversive little brother' adapted from *Marketing Magazine*, www.marketingmage.com.au, reproduced with permission.

# 'She Runs the Night': strategy, execution and results of Nike's groundbreaking campaign

Campaign: She Runs the Night
Client: Nike
Agency: Razor

## Background

The Nike brand was strong within the running market, but Asics had a slight edge in shoe sales, especially female shoes. Nike had always designed shoes specifically for women's feet, but had never communicated exclusively to females. Collectively, Nike and Razor felt this gap was an opportunity. According to research firm GfK, Nike was the top consideration for female runners; however, Asics was seen as the running specialist and the brand most likely to be recommended to others.

## Objectives

Nike's overall objective was to find a way to connect with female runners and get them talking about Nike.

## Strategy

Razor started by speaking with young females who took their running seriously and soon it became apparent that running appeared to be an individual pursuit, dominated by men. Women had a tendency to run alone, often left to overcome their fears and achieve their goals by themselves. This seemed at odds with women's natural inclination to discuss and share experiences.

The big insight was that young women runners lacked something fundamental to the female psyche: a forum to communicate, achieve goals and conquer barriers together. The idea, therefore, was born: create a community for young females bound by a passion for running. The strategy was to use real non-professional female runners as the primary channel to promote and grow the community, which was a significant departure for Nike from elite athlete-led communication. Channel imperatives employed were:

- physical running communities—created for authenticity
- digital communities—necessary to match young female social behaviours
- mobile interactivity—essential given high usage by runners
- advertising—placed in female worlds, not running worlds, shattering the male-dominated norms.

FIGURE 3C.1
Creating a community
of female runners



## Execution

Conversation was ignited through Nike's social media channels, with a rally cry for change and stimulating chat around the barriers women face. It was during this conversation that the need to tackle the biggest barrier of the community was identified: running alone at night. Nike decided to challenge its community by announcing a 13-kilometre night race for female runners. This would be the anchor around which the community would be built. It also gave the community a name: 'She Runs the Night'.

Young runners were solicited to be the voice of the brand. Carly, a young runner, was appointed as the community manager to bring a voice to the 'Nike She Runs' Facebook page. Her posts brought instant authenticity to the community and led to some of the highest engagement across Facebook posts.

Nike encouraged women to share their running experiences with both the Facebook page and their fellow fans. After 16,000 'Likes' and 14,000 people talking about the run within one month, it was clear the community was on to something powerful.

With 87 per cent of young female runners running with their phone, an app with content generated by Nike and the runners was made available to the women to provide further inspiration and motivation.

FIGURE 3C.2
Using social media to
build community

To help recruit runners for the race, five young women were chosen as ambassadors. Their stories were told in a content piece, employed across multiple channels. The ambassadors' stories were placed on posters with QR codes that activated videos in environments where runners congregated and discussed running or fitness, such as Fitness First gyms and well-known running routes. Further promotion was provided through electronic direct marketing material sent out to Nike's various databases and via a *Cosmopolitan* partnership, which included:

- an editorial feature on night running
- advertising
- website integration with cosmopolitan.com.au via editorial, plus impactful display advertising and sending users through to the race's Facebook registration
- a running workshop.

The promotional push was replicated within universities, recruiting ambassadors who:

- networked and recruited within clubs, societies, sporting groups, gyms and faculties on campus
- put up posters across the five campuses
- sent eDMs to 39,834 students
- used their own social channels.

Each ambassador held weekly run clubs in different locations around Sydney, allowing women not only to train for the 13-kilometre run, but also to connect with other women along the way.

Race night was where the community came together. Runner journeys were published via all media partners and Nike's own media. Race entrants also received a personalised digital media video post-event.

For the 'She Runs the Night' strategy to operate as an ongoing communication platform, it was critical that the community continued to contribute and promote post-event. Nike-run clubs continue to operate on a weekly basis. Ambassadors still provide motivation to runners and continue to promote product innovations. Carly is still blogging.

## Results

'She Runs the Night' was one of the most successful campaigns of 2012. It demonstrated the power of a culturally connected idea—one that helps a community to form, shifts brand perceptions and ultimately changes how people talk about a product. All KPIs and expectations were exceeded:

- A community of 54,762 female runners was built (83 per cent more than KPI).
- Ninety-eight per cent of the digital community positively engaged with Nike (40 per cent more than KPI).
- Ninety per cent of runners surveyed via Facebook intended to run the race again the following year (13 per cent more than KPI).

Nike did not commission research to gauge a shift in brand preference, but sales targets were hit and key shoe styles sold out.

Nike and Razor set out to shake up running for women and ended up sparking a movement that unleashed a powerful, thriving community—a community that's still running.

The campaign has been recognised by several key media industry awards, including winning the Best Integrated Media category at the 2012 Media Federation of Australia Awards and winning the Best Engagement Strategy at the Festival of Media Awards Asia.

## QUESTIONS

1  How did Nike recognise that a marketing opportunity existed within the young female running cohort?
2  What were the key strategies used to engage this group?
3  How successful was 'She Runs the Night'?
4  Why do you think 'She Runs the Night' was a success?
5  Do you expect the community created by this campaign to continue into the future, even if Nike withdrew its direct involvement? Why or why not?

'She Runs the Night': strategy, execution and results of Nike's groundbreaking campaign' adapted from *Marketing Magazine*, www.marketingmage.com.au, reproduced with permission.

# Kia at the Australian Open:
# taking sponsorship beyond the traditional

Campaign: Kia at the Australian Open
Client: Kia
Agency: We Are Social

## Background

Kia has been the proud sponsor of the Australian Open tennis championship for the past decade. Each year, we have explored innovative and new ways to promote our association with this prestigious event. This year, we made the decision to leverage social media to talk to our audience in a meaningful and engaging way. Our social media approach formed part of our wider sponsorship campaign: to support one of the largest sports sponsorships in the southern hemisphere.

The success of the social media campaign demonstrates the power of a fully formed, properly implemented social media strategy and implementation as an important part of the complete marketing mix.

Alongside these two competition elements, We Are Social also created a number of engaging mechanics rewarding online fans of the brand. Partnering with popular tennis blogger, The Aussie Word, Kia handed over the reins of its Twitter page to report live from on the ground at Melbourne Park. Ensuring Kia had a legitimate and educated voice in tennis was essential to the brand, and this tactic ensured the tennis fanatics following The Aussie Word and Kia had access to everything that was happening live at the home of Australian tennis.



FIGURE 3D.1
Interactive social
media screen at
Federation Square

## Objectives

The objectives of the campaign were very clear: utilise social media to further solidify the Kia Australian Open sponsorship, while engaging with a variety of audiences in a meaningful and impactful manner. In order to do this, we needed an approach that could work across several platforms and have numerous touch points for Kia fans and tennis audiences Australia-wide.

## Strategy

Digital marketing agency We Are Social developed Kia's social strategy, with audience engagement being the key metric. To ensure Kia engaged with tennis fans beyond the traditional sponsorship, a social strategy was required that included content generation, conversation engagement, integrated competitions and live event promotions. The core of the strategy was:

• to engage tennis fans in a fun and interactive way via social media
• to amplify Kia's messaging through owned and tennis user content generation
• to integrate the campaign with Kia-owned activities during the Finals Weekend
• to deliver reports from on the ground at the Australian Open through a legitimate voice.

## Execution

An integrated social competition was created partnering with Channel Seven and its online offering of Yahoo!7. The game 'Kia Big Shot', hosted on mobile app Fango, ran for three weeks before and during the tournament. The competition was structured in such a way that it motivated people to keep returning to the game on a daily basis.

The prizes for the three winners of the competition were three Kia cars. The game was based on the popular game Pong and allowed users to compete with their Facebook friends. The more they played, the more entries they accumulated towards the final draw. The game was integrated into social media, ensuring players could share their scores with friends, raising the awareness of the competition beyond the Yahoo!7 and Kia channels. The game was also promoted on air through the Seven Network, both live in broadcast during the tennis, as well as through dedicated television spots.

We Are Social also built a unique competition for Facebook: 'Kia Tie-break'. Tapping into the core passion of sports fans having favourites, and Australia's passion for sports tipping, We Are Social created a game in which users 'bet' on which players they expected to win in particular games through the course of the Open. As people have very little time on social media, the user experience was completely intuitive and simple, while being fully socially integrated to ensure organic sharing of the users' 'bet' for that day. This created further exposure for the brand across social media channels. The competition ran for the first week of the Australian Open, with daily prizes up for grabs, including men's finals tickets.

We Are Social looked to create and own a defined brand hashtag across all activities during the competition, ensuring brand awareness was maximised at all opportunities. The hashtag '#kiaAO'

was used in pre-tournament competitions, during Melbourne-wide Tennis Ball Hunts, and at live reporting and audience engagement.

Working with PRG (Production Resource Group) and TweetWall Pro, We Are Social created a live second screen that allowed Kia to converse in real time with the audiences at Federation Square, as well as allowing them the opportunity to share their thoughts with the audience on what was happening in regards to the live tennis action. All of this was done in Kia's irreverent tone of voice and helped create important social brand equity during the climax of the tournament.

During the whole tournament, We Are Social worked with social influencers to promote all activities further and wider than the Kia-owned channels. These influencers ranged from Instagram super users brought down from the Gold Coast to Melbourne-based mum bloggers, all with an interest in both Kia and tennis. A wide range of backgrounds meant that we were able to speak with different audiences in a relevant and engaging manner, while further promoting Kia's relationship with the Australian Open as a proud sponsor.

## Results

Kia experienced phenomenal social media activity as a result of this campaign:

- more than 28 million Kia-related impressions across all social channels (including media)
- more than 12 million impressions on defined hashtag #kiaAO alone (all earned media)
- more than 100,000 visits to Kia-owned competitions
- more than 90,000 active engagements on Kia-related content on all social channels
- 6000 new Facebook 'Likes' generated.

We Are Social grew the engagement around the Australian Open substantially from previous years, all the while ensuring the brand was at the centre of the conversation. By the close of the tournament, Kia Australia had the highest audience engagement the brand had ever received on social media, was top in sponsor share of voice with 90 per cent total share of tennis-related content, and the hashtag #kiaAO was the ninth most popular tennis hashtag in Australia after #ausopen, #djokovic, #tennis, #federer, #murray, #7sport, #australianopen and #ausopen2013.

## QUESTIONS

1   Why did Kia concentrate on social media activity for the 2014 Australian Open?
2   What were the key strategies used to engage social media users?
3   What were the two social competitions to engage audiences?
4   How did Kia report live for its tennis fans?
5   How did social influencers contribute during the campaign?

'KIA at the Australian Open: taking sponsorship beyond the traditional', adapted from *Marketing Magazine*, www. marketingmage.com.au; reproduced with permission.

# Technology diffusion through change agents: 'Info-ladies' in Bangladesh

By Muhammad Sayem, University of Canberra

There has been a global upsurge in technological innovation as a result of heightened industry competition and dynamic consumer preferences. However, at present only a handful of rich countries account for most of the world's creation of new technology and, critically, its consumption. A country's potential to adopt technologies relies on key factors including rate of education, technological infrastructure, the uses of technology, and culture and language. According to Rogers, the pace with which any new technology spreads in a society depends on three key factors: the characteristics of the technology, the characteristics of adopters, and the means by which adopters learn about and are persuaded to adopt the technology.

A change agent is one of two exogenous factors (the other one is an opinion leader) that affect how the users of a group or community adopt any new innovation. A change agent is considered to be one who influences clients' innovation decisions in a direction deemed desirable by a change agency. Usually the change agents work together with opinion leaders to enhance the impact of their diffusion activities in a social system. The change agents could play as many as seven different roles that influence the adopter's decision to adopt any new innovation. These roles are:

- identifying a need for change
- establishing an information exchange relationship
- diagnosing problems
- creating intent to change
- translating intent into action
- stabilising adoption
- enabling self-awareness of the process of change.

## Technology diffusion in Bangladesh

Bangladesh is one of the emerging economies of South Asia. Though it was the first South Asian country to adopt cellular technology in 1993, the country is still in an embryonic phase when it comes to technology diffusion. Only six million people in a country of 152 million have access to the internet. By contrast, more than 116 million people have mobile phone access, which has helped to boost the country's economic and social development. However, despite most people living in rural villages, the majority of the population with access to any form of technology is concentrated in urban areas. Also urbanised are most commercial activities and lifestyle

opportunities. This has left the rural communities marginalised from most modern facilities, including technology, creating a 'digital divide'. There are government development programs to address these issues, but they are slow and inadequate.



FIGURE 3E.1
Info-ladies at work

## The Info-lady project

Established in 2001, Dnet is a social enterprise of Bangladesh. Keeping technology at its core, Dnet predominantly focuses on poverty alleviation and reducing the digital divide. With the mission to promote a fusion of social and technology innovations to building replicable and scalable social development models, Dnet has been working relentlessly to bring social change. Among the many Dnet initiatives, one has caught global attention and won many awards—the Info-lady project.

A typical Info-lady is a ICT-trained rural woman, who cycles to specific village locations and offers a variety of ICT-related services to these rural communities, with women and disabled people particularly benefiting. The project began in 2008, with the idea coming from Bangladeshi Nobel laureate Muhammad Yunus, who in 2004 introduced the 'Mobile Ladies' project. Sponsored by tech giant Intel Corporation, it had huge success in introducing mobile phones into villages and also empowering village women.

Dressed in a blue and pink uniform, an Info-lady carries a range of ICT equipment while travelling on a bicycle, including a notebook computer with a webcam, digital camera and mobile phone or a USB stick with internet connectivity and a headphone set. On average, each Info-lady covers fifteen villages with a total population of about 130,000, and provides services including the following:

- livelihood information service, including agricultural advice and health-related information to the villagers. They sit with teenage girls to talk about health-care issues and almost taboo subjects like menstrual hygiene, contraception and HIV. They talk to farmers about the correct use of fertiliser and insecticides.
- instant messaging service, which allows villagers to make international calls, which are very expensive and nearly unavailable otherwise
- photography service, using the digital camera to take photos for special occasions and for the completion of application forms
- video and animation service, to create and spread social awareness. The Info-ladies show videos and animated features like educational cartoons for schoolchildren, plus documentaries on health, education and human rights.
- Skype video calls service, allowing rural women to speak with their husbands who work abroad.

Another popular service is access to social media. Tamanna Islam Dipa, a 16-year-old girl from the village of Shagatha, says, 'I don't have any computer, but when the Info-lady comes I use her laptop to chat with my Facebook friends.' For millions of people in Bangladesh, 'surfing the web is like landing a space shuttle on another planet,' says Info-lady Shathi.

As well as assisting rural communities, the service is important to the Info-ladies themselves. Without an educational qualification of Year 12 or better, rural women find it almost impossible to get a job due to very limited opportunities. However, as Info-ladies they receive training and support from Dnet, giving them the capacity to earn up to US$300 per month, with a minimum wage of US$65 a month. Due to this earning potential the number of info-ladies grew from just a handful of workers in 2008 to a thousand in 2009. Dnet hopes to further increase the number to 12,000 by 2017. Following the success of the initial phase of the project, the Government of Bangladesh and the country's central bank have agreed to offer interest-free loans to Info-ladies.

The Info-lady program has played an instrumental role in bringing social change to the villages of Bangladesh, giving villagers access to digital technologies and so helping to reduce the digital divide. The project has garnered the attention of media in the USA, UK and Australia. It won several awards, including Most Innovative Development Project (awarded by Global Development Network) and the Bobs Social Media Forum Award 2013. Dr Ananya Raihan, Executive Director of Dnet, believes that the model could be replicated in other developing countries where the digital divide needs to be addressed in marginalised communities.

## QUESTIONS

1   What are the various roles that are played by change agents in innovation diffusion?
2   What are the factors that determine the pace of technology diffusion in different societies?
3   Deriving evidence from the case study, comment on the technology diffusion situation in Bangladesh.

4  Who are the Info-ladies?
5  Based on the case study, do you believe the change agents can play a role in bringing about social change?

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# Modern tempeh chips: a market-led transition in consumer perception

By Marthin Nanere, Wida Winarno and Amadeus Driando Ahnan

Snacking—eating a small amount of food between meals in a hurry or in a casual manner (Oxford English Dictionary, 2013)—has become a global habit. In today's fast-paced working era, people tend to prefer foods that can be quickly prepared and consumed on the go.

This phenomenon is happening everywhere, including in Indonesia as a culturally diversified country in South-East Asia. By 2014, more than 67 per cent of Indonesia's population will be in 'productive age range' classified as 15 to 64 years old. This has been projected to last at least until 2025 (Badan Pusat Statistik, 2005). The child, youth, young adult and adult categories make up 83 per cent of the population, and they are those who tend to snack the most (Agriculture and Agri-Food Canada, 2012). This is a huge potential market for snacks.

Unlike the child category, concerns for personal health have been increasing in the youth, young adult and adult categories, particularly for reasons of aesthetics, social approval and the avoidance of chronic diseases such as obesity and heart attack. These groups have started to manage their eating habits by consuming natural and functional foods, as well as following nutritional guidelines (Hoogenkamp, 2011). As a result, the health and wellness category of food led the US market in 2013, and enjoyed the highest annual sales growth of all categories, including snacks for indulgence (Beumont, 2013).

In Indonesia, a breakthrough in the healthy snacks market took place in 2011. For the first time, tempeh, a local traditional food, was commercially sold as snack, packaged in a plastic bag filled with nitrogen, and available both in rural and urban areas nationally. Tempeh is a food made from soybean fermented by *Rhizopus* sp. fungi and other microorganisms, creating fungi-strained soybean blocks (see Figure 3F.1). Unlike other soybean-based foods, such as tofu and soy sauce, which originated in China, tempeh is an Indonesian original food. It was first documented in an ancient inscription at Centini, Java, in the sixteenth century (Badan Standardisasi Nasional, 2012) and grew in popularity to become a national food. Tempeh consumption in Indonesia is estimated to be around 6.45 kilograms per person annually, prepared through countless recipes and cooking variations. Indonesia's annual consumption of 2 million tonnes of tempeh needs is supported by 81,000 tempeh makers spread across the country (Badan Standardisasi Nasional, 2012).

Until 20 years ago, tempeh was considered to be a home food—not a food to be ordered in cafes or restaurants. Indonesians' traditional view on tempeh was just a source of protein to be

Figure 3F.1
Tempeh

consumed with rice. Since the early 1990s, a variation of tempeh cooking has emerged—the tempeh chip. The fried thin slices are convenient to be consumed on the go, while the reduced water content improves its shelf life (see Figure 3F.2). The tempeh chip quickly found its place among other Indonesian traditional snacks, such as cassava chips, banana chips and sweet potato chips, then overtook them all in popularity. According to tempeh chip producers in Central Java, the demands have been increasing almost every year, with an increase of almost 100 per cent in 2011, rising to 200 per cent prior to important calendar dates, especially Islam's Eid feast (Simamora, 2012).

FIGURE 3F.2
Sliced, fried tempeh

This growing demand prompted more and more small producers to make tempeh chips, varying the shape, size, packaging and flavours, such as adding slices of citrus leaves. Some producers improved the shelf life to last about two months at 26°C, but there was still no producer that was able to commercialise tempeh nationally due to the difficulties of transportation through Indonesia's terrain and across its many islands, along with maintaining an adequate shelf in temperatures that average 33°C in some regions (Badan Meteorologi Klimatologi dan Geofisika, 2014).

In 2011, a nationally recognised foods and beverages company, PT Indofood CBP Sukses Makmur TBK, introduced new technology that made it possible to distribute the new tempeh chips all over the country while retaining an acceptable taste. An associated marketing strategy publicised the new product nationally, cleverly exploiting consumer psychological tendencies to consume products with a known brand (Qtela) guaranteed hygiene, good availability and new flavours (Hoogenkamp, 2011).

PT Indofood engaged in market research to determine every aspect of their product, including the size, thickness, serves per package, packaging style and flavour range, which currently includes original, citrus leaf and cayenne pepper. The production of the chips also complies with global standard ISO 22000 (Dewi, 2012).

Compared with other commercial snacks, tempeh chips have a superior protein content (12 grams per 60 gram serve); few[1] other snacks provide up to 28 per cent of daily requirements. The fat and sodium content of the product are also high, providing 28 per cent and 25 per cent of daily requirements, respectively, but this perception appears be balanced by the healthy properties of the tempeh itself. This high level of nutrition, together with the continuing perception of tempeh as a healthy food, and a competitive price of less than US$0.50 has led to its status as market leader. Qtela is owned by a holding company that also owns a national chain of popular convenience stores. This synergy allowed the new product to be stocked by stores across the country on its release. However, such is the popularity of the tempeh chips that they are now sold by other stores, along with supermarkets and street stalls.

The factors of new technology, national distribution and consumer-led marketing focusing on the product's health qualities has allowed Qtela to transform a traditionally home-produced food to a profitable commercial snack food. Further, the modern tempeh chip has created a new image both for tempeh and snacking among consumers. Thus, tempeh is now recognised as not just a conventional food but also a modern food for healthy consumption—shifting the notion of snack foods away from unhealthy perception it has held for so long.

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1  Based on daily average requirement of 2000 Kcal.

## QUESTIONS

1   How do the traditional reputation of tempeh and global diet trends influence consumers' perception?
2   How have consumers' general psychological tendencies assisted in the success of Qtela tempeh chips?
3   What other factors have contributed to the success of Qtela?
4   How does the case reflect the four Ps of the marketing mix (product, price, place and promotion)?
5   How does tempeh's image as an indigenous traditional food affect consumers' perception of the product?

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# PART FOUR

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## CONSUMER DECISIONS
## AND EXPERIENCES

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# CHAPTER 11

# SOCIAL CHANGE AND THE DIFFUSION OF INNOVATIONS

Hume Winzar

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1 explain the concept of diffusion of innovations
2 understand the social and behavioural influences on diffusion
3 understand how networks affect communications flows within a community
4 compare different approaches to modelling the diffusion process.
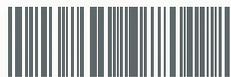
## THE RISE AND FALL OF MOBILE PHONE OPERATING SYSTEMS

Do you own a smartphone? Is it an iPhone, Samsung, HTC, BlackBerry or another brand? Can you recall what the 'operating system' is that runs your smartphone? (Apple uses iOS, Samsung and HTC use Android and BlackBerry sticks with its own OS). Can you remember what steps you took when purchasing your mobile phone? Did you have previous experience with similar phones? Did you know others who had used the same or different brands? Did you get advice from retailers? What ads did you see?

Google Android and Apple iOS appeared on mobile phones within a year of each other. iOS appears only on Apple devices, while Android appears on many brands: it is open-source so anyone can download and make changes to the basic programming, and commercial operators pay a relatively low fee to use Android on their own devices (and manufacturers who do not use any Google services pay no fee at all). While Apple iPhone and iPad dominated the smartphone and tablet categories for the first four years, recently Android devices have overtaken iOS devices. There is no single reason for Apple's initial dominance, and no single reason for Android's recent growth. Apple is undeniably cool. It always makes beautiful devices and intuitively easy-to-use software that cooperates seamlessly with other Apple products. Historically, with so many iPhone-specific apps available, there was so much more you could do with an iPhone or iPad. Much of that has changed. Android devices look better and perform better than they did in the past, and their specifications and tests show that they can perform better and more quickly than iOS devices. And Android consumers can download just as wide an array of apps as iOS users. And often the devices are cheaper. Each of these developments continues to affect the growth of both Apple and Android, and the reasons why people decide to buy, switch to or repurchase either of these systems.

> The rate of iOS and Android device adoption has surpassed that of any consumer technology in history. Compared to recent technologies, smart device adoption is being adopted 10X faster than that of the 80s PC revolution, 2X faster than that of the 90s Internet Boom and 3X faster than that of recent social network adoption. Five years into the smart device growth curve, expansion of this new technology is rapidly expanding beyond early adopter markets such as North America and Western Europe, creating a true worldwide addressable market.[1]

Figure 11.1 shows the market shares of different smartphone operating systems in active use among consumers worldwide. What has driven the popularity of Android and iOS? And why has Android overtaken iOS, at least in some very large markets, such as China? What happened to cause Symbian, used on Nokia phones and many other brands, to fall so much that it disappeared in 2011? Similarly, what caused BlackBerry's RIM OS also to fall so much? Have you ever heard of the Bada OS? Symbian, RIM and Bada were all designed for lower-powered keyboard phones and slower internet services. Their touch-screen versions were clumsy to use for most consumers. Importantly for Symbian, the Nokia company declined to provide specialised versions to its US distributors (who like to keep customers locked in to monopoly contracts), which kept Nokia products out of nearly half of the US market.[2] A key selling feature for many business people around the world was BlackBerry's exceptionally
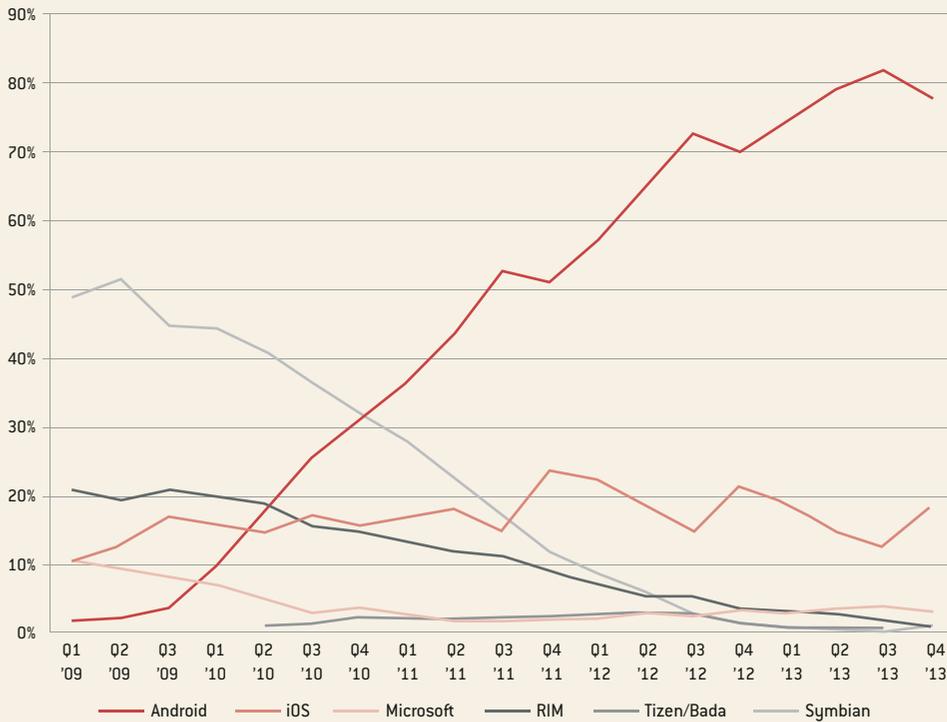
**FIGURE 11.1**
Global market share of leading smartphone operating systems, 2009–13

good security features. It was almost impossible to hack text messages and email sent through the RIM system. BlackBerry began its slide when governments around the world made the RIM security features illegal because it was important for governments to be able to eavesdrop on suspected terrorists or international business negotiators.

Figure 11.2 shows worldwide iPhone sales since the iPhone's introduction in 2007. We can see a steady accelerating growth over time, but a levelling off from mid-2012. Can this be explained by the introduction of the iPad Mini? Are Samsung and other Android suppliers overtaking Apple in the 'high-end' markets? We shall see in the next few years.

The growth and sometimes precipitous decline of ideas, product categories and brands is the subject of this chapter. We consider how consumers respond to new technology, and the combination of personal interactions and product characteristics that enable the spread of ideas and innovations across a society. People adopt new technologies, and abandon existing ways of doing things, because alternatives appear on the market that better correspond with their current beliefs and behaviours, and make work or leisure easier. But first they have to learn about these ideas, and have the technology available to them. It is useful, then, for students of consumer behaviour and for marketing practitioners to appreciate the complex systems that enable the diffusion of innovations and the decision processes of consumers when facing new or unknown products and services.

**FIGURE 11.2**
iPhone sales, 2007–14
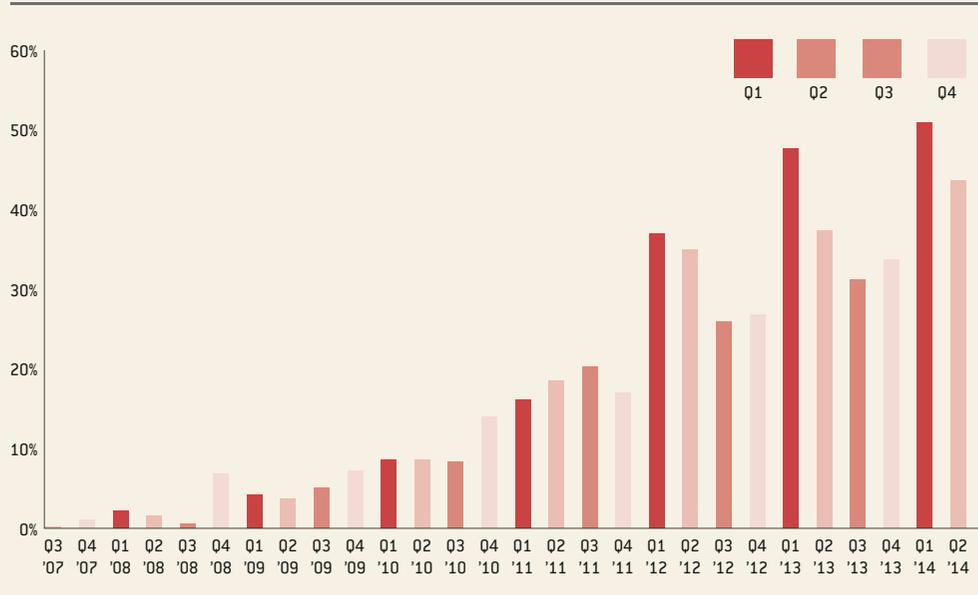
Source: The Statistics Portal. Retrieved from www.statista.com/statistics/263401/global-apple-iphone-sales-since-3rd-quarter-2007/

## INTRODUCTION

In this chapter we examine the ways that new technologies and ideas spread throughout a community. Much of what we have seen in previous chapters takes the view that people change their attitudes and behaviours. However, as we found in the previous chapter, attitudes and behaviours can be very difficult to change. Attitudes that are firmly held and felt to be a part of one's self are almost impossible to change, and even when attitudes do change then frequently behaviour does not. We can see that often people do not change their attitudes—products themselves change and they may become more attractive to consumers because they fulfil their needs and existing perspectives better than other options. In this chapter we examine some of the mechanisms by which product changes and technological advancements become popular among a population. We also look at why some products, which might be equally as good, do not achieve success.

## DEFINING THE DIFFUSION OF INNOVATIONS

**diffusion of innovations**
A theory that every market has groups of customers with different knowledge and willingness to adopt a new product; an innovative product spreads (diffuses) through a market over time as people become more aware of the innovation, and are able to adopt

**Diffusion of innovations** theory argues that every market has groups of customers with different knowledge and willingness to adopt a new product. An innovative product spreads (diffuses) through a market over time as people become more aware of the innovation, and are able to adopt. The term 'diffusion of innovations' was coined by rural sociologist, Everett M Rogers, in his classic 1962 book of the same name. In that book Rogers outlined the social communications processes that enabled the spread of new technologies and ideas. His ideas and proposals were instrumental in thousands of programs for academic study,

community health and marketing management around the world. Rogers found that many new products such as hybrid corn, new forms of fertiliser and weedicide had very similar patterns of purchase behaviour across a community. Typically, when such a new product appeared on the market many farmers were sceptical of its worth. Could they believe the claims made by the chemical and seed companies? Would the claimed improvement in productivity outweigh the price? After all, if crops don't provide a good yield then a farmer and his family have no income for a year. Some farmers with large properties, who could afford to take a risk on a part of their farms, might decide to trial the new hybrid corn on just one or two fields, sowing their other fields with the grains that they were confident with. If the new grain turned out better, then they might decide to turn the whole farm over to the new technology. Of course, farmers talk to each other: if one has had some success then neighbouring farmers, and friends, are likely to notice, and they might also trial the new product. And so it goes.



**FIGURE 11.3**
Everett M. Rogers

Explain the concept of diffusion of innovations.

In the face of such a risk-averse community, Rogers' formula was fairly straightforward: communicate face-to-face with those few people who are known and trusted within a community, and enable them to talk to others. Such people, whom Rogers labelled 'innovators' and 'early adopters', would spread the word about new or easier ways of making life better. Using their own modes of communication, their own logic and language, and their own time-frames, people learned of new ideas and new technologies from trusted people within their communities, rather than accepting the word of often distrusted government officials or marketing representatives. In this case, farmers demonstrated the new technology to their friends and neighbours, who then may be persuaded to trial it on their own properties. Sales representatives, news stories and advertising may have made them fully aware of the technology, but it took a demonstration from trusted members of their own community to persuade them to make the change.

Rogers plotted on a graph the number of people in many communities who adopted hundreds of new products over time and noticed a common pattern. A small number would trial and then adopt the product. Their example would inform others in increasing numbers, until only a few people remained who were not persuaded until very late in the time period. The sum of all adopters tended to produce an S-shaped curve, as shown in Figure 11.4. These S-shaped curves are called cumulative density curves. They describe how quickly over time a product diffuses throughout a community. Different products have very different cumulative density curves. Some have steep diffusion curves, indicating a very rapid acceptance. Other products take some time for everyone to accept, and the diffusion curve rises very slowly. Figure 11.4 shows cumulative density curves for selected product categories in the USA over the last century. Different countries show somewhat different slopes in their curves. For example, Australia introduced broadcast colour television in 1975, more than 20 years after the USA, but it took less than five years before nearly every home in the country had purchased one, a process that took more than 30 years in the USA.

**FIGURE 11.4**
Cumulative density (S-shaped) curves, selected product categories in the USA, 1900–2005
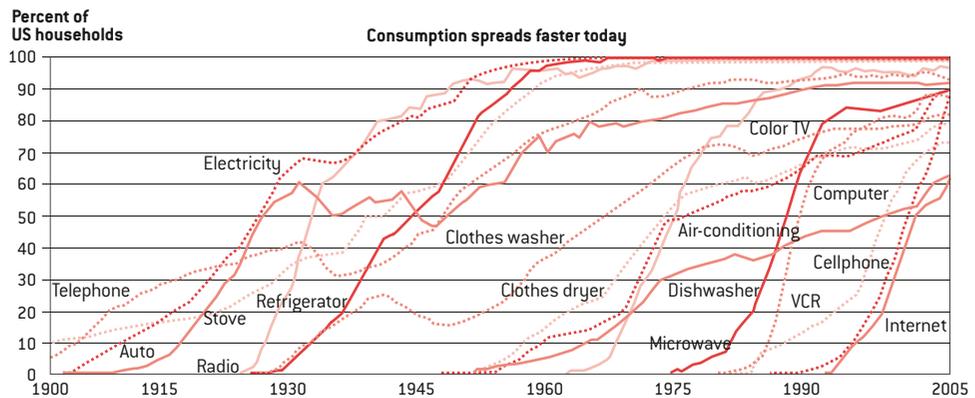


Source: Thompson, D. (2012). The 100-year march of technology in 1 graph. *The Atlantic*. Accessed at www.theatlantic.com/technology/archive/2012/04/the-100-year-march-of-technology-in-1-graph/255573

Another way to think about the diffusion process is to look at the number of new adopters at any one time. Statisticians call such a graph a density function, and it typically looks like a bell-shaped curve, showing a small number of people at the beginning of the time period, and at the end of the time period. Between these small numbers at either end of the curve are the majority of adopters. For convenience, Rogers assumed that the bell-shaped curve was a 'normal' distribution.

**adoption curve**

A graph showing the number of new adopters at discrete periods of time; it's usually presented as a density function, or bell-shaped curve

Let's say the average time it takes for everyone in a community to start using a mobile phone is four years, and the standard deviation of the **adoption curve** is one year. The normal distribution has some nice properties. You remember from your statistics class that about two-thirds of the population lies within one standard deviation of the mean, and about 95 per cent of the population lies within two standard deviations of the mean. That leaves just 2.5 per cent in each tail of the curve. So in our example of four years average and standard deviation of one year, it took about two years for the first 2.5 per cent to adopt,

and then one year for the next 13 per cent, and then another year for the next 34 per cent, at which point half of the eventual buyers had adopted.

Those few people who adopted early—the first 2.5 per cent—Rogers called the 'innovators'. Those people who lay within the first and second standard deviations—the next 14 per cent—he termed the 'early adopters'. Those who lay within just one standard deviation from the mean, Rogers called the 'early majority' and 'late majority'. And those who were last to adopt—those further to the right of the mean than one standard deviation—he called 'laggards'. Figure 11.5 shows the 'normal' distribution and the **cumulative distribution** that is used to define the adopter classifications. In Figure 11.5 the average time to adopt is given as the zero point, and all purchases are presented relative to that average.

**cumulative distribution**
In diffusion theory, an S-shaped curve showing the total number of new adopters over time
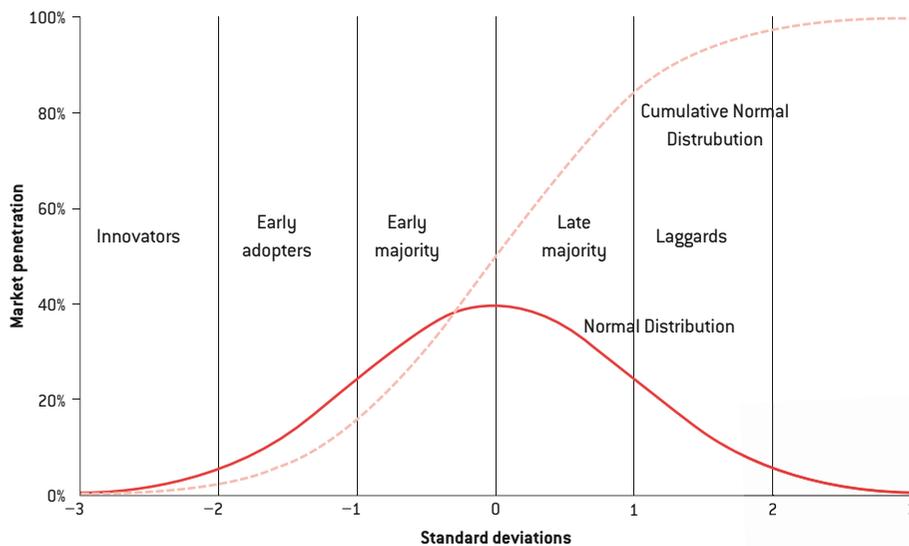


**FIGURE 11.5**
Diffusion curve as a cumulative distribution function

## ADOPTION AND DIFFUSION OF THE GOPRO ACTION CAMERA

The 'action camera' can be regarded as a relatively new product category for consumers. This is a video or stills camera with a strong housing so that it can withstand heavy treatment when used in potentially dangerous sports. If you are a keen skier, downhill cyclist, skateboarder or surfer, you have seen many of these cameras attached to helmets or boards, and you may have already purchased one yourself. If you purchased a GoPro camera (see Figure 11.6) shortly after it was introduced in mid-2009, you could be regarded as an 'innovator'. The first GoPro had a high-quality wide-angle lens and special mounts for attaching to helmets, handlebars or car bonnets. It was an excellent camera when it worked, but the battery was occasionally unreliable. The GoPro 2 was launched two years later, in mid 2011, with much improved battery and image quality. In mid 2012, a much smaller and higher-quality GoPro 3 was introduced.

CONSUMER
BEHAVIOUR
IN ACTION

**FIGURE 11.6**
GoPro Snowboarder



Exact sales figures are not available, but a record of product searches on Google Trends gives a useful surrogate for interest in and purchases of the product. Figure 11.7 shows searches for the three models of GoPro from launch to August 2013. We can see that the GoPro 2 follows a classic diffusion curve. The curve for GoPro 3 suggests that sales have reached the late-adopter stage, but this is not true. Action cameras are a seasonal purchase, with most sales occurring during the surfing season (summer) and the ski season (winter). The big jump in interest for the GoPro 3 in January 2013 corresponds with the Australian summer and the European and American winter, plus a very large increase in the level of retail distribution for GoPro. Note also in Figure 11.7 that the curve for overall GoPro interest suggests that sales may be still in the growth stages.

**FIGURE 11.7**
Worldwide product search, GoPro, GoPro 2 and GoPro 3
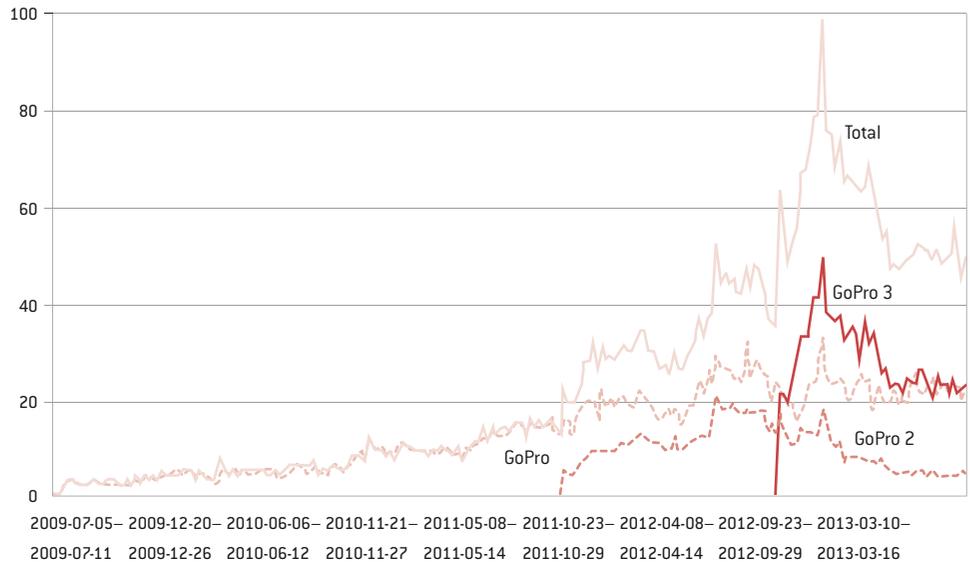
# Common misunderstandings of diffusion theory

This following section is not a critique of Rogers' work; rather, it is a critique of the abuses that other writers have made. Many commentators have presented these adopter categories as hard rules. For example, your introductory marketing textbook probably insisted that the first 2.5 per cent of adopters are the 'innovators', the next 13 per cent are 'early adopters' and so on. That is not true and it is not what Rogers intended. The categories are arbitrary and defined only by the adoption curve, and the adoption curve takes a very different shape in different circumstances. Recall that the notions of 2.5 per cent for innovators, 13 per cent for early adopters, and so on are purely an outcome of the convenient assumption that all diffusion functions are based on the 'normal' distribution. A quick look at the diffusion curves for a number of different products, such as in Figure 11.4, shows that few if any product histories concur with a true 'normal' distribution. Let's look at some important points to keep in mind when considering the categories of adopters.

### Categories of adopters are only identifiable after everyone has adopted

We can only plot an adoption curve after everyone who is ever going to adopt has already adopted—or very nearly everyone. Adopter categories, then, are ex-post definitions. It's only after we have seen nearly the whole population adopt that we can confidently identify the 'first 2.5 per cent' and the 'next 13 per cent' and so on. Further, some managers make the risky assumption that everyone who could buy their new product will buy. This would mean that 2.5 per cent of the potential population are innovators. Not true! For most new products or product categories, the total potential market is likely to be a quite small proportion of the population.

The adoption terms are accurate only in hindsight; they tell you very little about how a population might respond to an innovation in the future, especially if the innovation is in any way different. For example, some analysts have had success with modelling how well a new 'massively multiplayer online role-playing game' (MMORPG) might succeed by tracking how well other similar games have spread among a user community. But other different games cannot be modelled the same way. You won't predict the shape of the diffusion curve of the next *Grand Theft Auto* from the diffusion curve of *World of Warcraft*.

### Categories of adopters rarely have any practical value

The 'early' and 'late' majorities make up the middle 68 per cent of the normal curve defined by the first standard deviation. The 'early adopters' are the left portion of the second standard deviation. In that sense, 'early adopter', as originally intended, is purely a mathematical definition based on the adoption curve for a particular innovation. It does not necessarily mean that these people are any more special than anyone else.

The statement, 'She is an early adopter', is meaningless until associated with a specific change or innovation. The same person may be an innovator for one product type and a laggard for another type. The author of this chapter owned a personal computer in 1980, well

before IBM PCs or Microsoft existed, which makes him at least an early adopter. However, it was only a few years ago that he threw out his ancient cathode-ray television to buy a flat-screen LCD television, which must make him a laggard. These are not contradictory categorisations: With respect to PCs he was an early adopter and with respect to LCD television he is a laggard. No contradiction exists if we use the terms properly. People do not fall into one adoption category. They drift from category to category depending on the specific change or innovation.

More importantly, the very nice bell-shaped curve shown by an adoption curve of an innovation across the whole country, or around the world, is actually the aggregation of many smaller bell-shaped curves in small regions and communities. So an early adopter in one community may be regarded as a laggard in a larger marketplace.

### Adoption curves are unique to specific innovations and social settings

The same population will generate different adoption curves for different innovations. And the same innovation will generate different adoption curves within different populations. Think about why you decided to buy your mobile phone contract through a particular carrier: Telstra, Vodafone, Optus, Virgin, amaysim, iiNet or any of more than a dozen competitors. Many people choose a supplier because they can get cheaper phone calls and text messages to a close circle of friends, or with people on the same network. If all of your friends are on the same service, you can all communicate at a lower price. If all of your friends are on another service, then it may be more costly for you to communicate with them and more costly for them to communicate with you. Even if you personally like an alternative service, network effects may keep you in the same service as your friends.

### Adopter categories are value laden

There is an implicit assumption made in the theory of diffusion of innovations. We implicitly assume that the innovation that we are looking at is 'good' and that it is better than anything else that might be available. We also assume that people who adopt a new technology or product early are somehow better than those who buy later. Critics of the adopter categories have called this 'pro-innovation bias'. Early research into new hybrid grains found that the latest adopters tended to have lower education and fewer resources. They were the 'laggards'—and implicitly we regarded them as feeble of mind and character. Perhaps that was the case when looking at Iowa corn farmers in the 1950s, but it is not true and definitely not fair when looking at most innovations. Rogers himself provides an interesting example comparing his second and fifth editions of his famous book.

In the 2nd edition of *Diffusion of Innovations*, Rogers cites the example of a farmer who refuses to buy a new brand of weedicide from the Dow Chemicals company, despite its very clear ability to kill any plant that it made contact with. The farmer explained that he had seen the effects of the weedicide on his neighbours' properties. It killed the weeds all right, but it looked like all of the worms in the soil and most of the birds in the area had

disappeared. The farmer worried that whatever was killing the worms and birds might also harm humans. He didn't want his grain to be going into the bread that other people would soon be eating. So in Rogers' second edition this farmer was presented as a 'laggard'. Years later, it emerged that the key ingredients (2,4-D and 2,4,5-T) of this commercial weedicide were also key ingredients of 'Agent Orange', the infamous herbicide used across Vietnam, Laos and Cambodia during the Vietnam War in the 1960s in an attempt to expose enemy movements in the forests and to destroy food crops of villagers. This chemical cocktail has caused horrific birth defects and health problems in those countries ever since. Rogers acknowledged in the fifth edition of his book that this farmer was not really a laggard at all, but a 'super innovator'. The farmer saw the ecological and human implications of this herbicide that others could not see, or refused to see, many years before there was any widely accepted concern for toxic chemicals in our diet and environment.

Most innovations do not have the unintended consequences of Agent Orange, of course, but a new product still may not be suitable for some potential buyers for very good reasons. Take your smartphone for example. Do you rush out and buy the latest version as soon as it hits the shops? Some people do, but most continue with their phone repayment plans until they expire, and then they might buy a newer model. If you buy the very latest model smartphone shortly after your previous phone contract expires, does that make you an innovator? Or does it just mean that you're lucky? If your contract expired three months earlier, and you replaced it with the most recent model at the time, then you now have the old model. So, unless you're prepared to accept some hefty fees, you would have to wait maybe two years to upgrade. Does that make you a laggard? Or are you just sensible? Researchers have called this phenomenon 'individual-blame bias'; that is, we tend to believe that anyone who has not adopted a new technology has something wrong with him. Do you regularly use the Styles feature on your word-processor? Why not? Styles makes writing an assignment much easier by giving your paper a consistent look, as well as allowing easy formatting and instant creation of a table of contents. If you don't use Styles then there must be something wrong with you …

### Adoption of new product categories is not the same as adoption of brands within a category

The example of new-model smartphones highlights an important point that sometimes is missed in the diffusion process: it is a much bigger step to buy into a new and unknown product category than it is to buy into a new model or new brand within a product category. For most people, stepping up from an iPhone 5 to an iPhone 6 would not be a big change. For many consumers, however, it has been a big change to move from a laptop computer to a tablet computer without a dedicated keyboard. Of course, diffusion theory is certainly applicable in the modelling and application of new entrants in an existing product category. Marketers make explicit adaptations to their models to take account of the dominance of existing competitors, and the additional promotions required to gain acceptance of a brand in the category.[3]

## ISSUES AFFECTING THE ADOPTION PROCESS

The diffusion of innovations process is the outcome of a number of important interactions. Adoption depends on the nature of the product or idea: its relative advantage over existing ways of doing things, complexity and ease of use. Adoption also depends on the type of person who may or may not adopt—their personal temperament, decision-making style and communications preferences. The type of communications and sources of information affect the quality of information transfer, and the people that potential adopters have contact with, and who they have contact with, all affect the rate of adoption and the ultimate success of new products and ideas.

### Product issues

An innovation is some technology or idea that is new to the person who is looking at it. Innovations do not have to be new to everyone in a community or to the world. When you see an innovation you generally make a decision about whether it's worthwhile using it. So what criteria do you use? Generally the characteristics of successful innovations are:

- relative advantage
- compatibility
- complexity
- trialability
- observability

Let's look at each of these criteria.

#### Relative advantage

**relative advantage**
The degree to which an innovation is perceived as better than the idea it supersedes

**Relative advantage** is the degree to which an innovation is perceived as better than the idea it supersedes. A successful innovation must be perceived as a better solution to the current product or technique. This would be an obvious reason to buy a new technology, but it's not the only one. But sometimes we see successful innovations that are not better than current techniques because they benefit the user in some other way. Similarly, we often see better solutions that do not succeed because customers do not understand, or it's not worth the trouble to learn.

#### Compatibility

**compatibility**
The degree to which an innovation is perceived as being consistent with existing values, past experiences and needs of potential adopters

**Compatibility** is the degree to which an innovation is perceived as being consistent with existing values, past experiences and needs of potential adopters. If you are to buy into a new idea or a new product, it must be perceived as consistent with your own values, experience and needs.

Which word processor brand do you use? The chances are that you purchased Microsoft Word bundled with the Microsoft Office Suite. You paid money for this software, so why didn't you use one of the free word-processing packages instead? Do you know of

any alternatives? Commercial packages such as WordPerfect, and free products such as OpenOffice and LibreOffice, in many ways are superior with regard to file exporting, security, layout flexibility and file size. Even people who are aware of, and who have trialled, these options frequently go back to Word—not because it's 'better' but because it's familiar, and because they find that there is little risk of messing up the layout when sharing a file with another person who uses only Word. Microsoft Word is also more compatible with most people's existing method of dealing with writing and working with the buttons.

Continuing to use a technology because of its compatibility with other users—even if another, possibly better, option is available—is known as a **network effect**; that is, the value that a user has on the overall value of a product to other people.[4] If all of your university friends use Word, you probably prefer to use the same software so that you can easily share files with them. Similarly, if most of your friends subscribe to the one mobile-phone carrier then it is more attractive to you than other carriers.

Consider the position of the person who owns an Apple iPhone. Her music files are synchronised with iTunes and familiar apps are installed and updated automatically. What if she now is looking at updating her phone? Which is easier, a new model iPhone or a new model Samsung Galaxy? Yes, it is possible to sync an Android phone with iTunes by installing another program, or she could transfer all of her music across to another music-management program, but it's another step in the change-over process. Is it worth the trouble? For many consumers the switching costs are too high, and they remain locked in to their existing brand. Switching costs are the costs—sometimes financial but often measured in terms of time and energy—of making a change from one brand or service to another. Lock-in is a common practice in many industries: once a customer has committed to a particular company, it becomes difficult to change to another.

## Complexity

**Complexity** is the degree to which an innovation is perceived as difficult to understand and use. If people are going to trial an unfamiliar technology, it must be simple to understand and simple to use. Few people like to expend much mental or physical effort in dealing with something new, especially when they're used to their familiar way of doing things. Do you use the Styles feature when you write using your word-processor? Most people don't even know what it is. Yet, for just about everyone who uses word processing software, there is a great big ribbon at the top of the screen that you can click on to change the styling of paragraphs, headings, quotes and much more. Styles also lets you create a table of contents instantly, and make dynamic links from one part of a document to another. Yet fewer than 2 per cent of users take advantage of these features. Many students prefer to spend hours going through end-of-semester reports carefully selecting text, piece by piece, to make it bigger so that it looks like headings, when instead they could achieve this in seconds using the Styles feature. Why? Our students tell us that it's too complicated to learn properly. In fact, it isn't complicated at all, but it looks like it might be complicated—and that is sufficient.

Consider again your 'chosen' brand of word processing software. A common reason for not considering alternatives to Word is that those alternatives look different.

**network effect**
The value that a user has on the overall value of a product to other people. The more people who use the product or service, the greater its value becomes to the group

**complexity**
The degree to which an innovation is perceived as difficult to understand and use

Looking  different for many people means it looks more complicated. What is the value of learning something new if there is little apparent gain over what we're familiar with? On the other hand, the Apple Pages word-processing software has many devoted users. Pages is not as feature-rich as some other word-processors, but it is very easy to use, and very easy to make attractive layouts and graphics. It is ideal for most home users.

We can ask the same question about your 'choice' of computer operating system. For most ordinary consumers the alternatives are Apple or Windows. But what about Linux? Linux is a free, open-source operating system that, again, in many ways is much 'better' than Windows—it is more robust against crashes, takes up much less disc space, and uses far less memory and CPU capacity. Linux is under continuous improvement and it has grown in popularity among mostly technically minded computer users since its launch in 1991. Many who know of Linux are reluctant to try installing the program because it all seems too complicated to even try, especially for an uncertain gain. While Linux has an enthusiastic following in a niche PC market, it has been a huge success in another market. The Google Corporation has used Linux as the core software for its own Chrome OS for PCs and Android for mobile and touch-screen devices. Samsung uses Linux-based Tizen OS on its Wave range of phones, and licenses the OS to most other manufacturers of Smart-TVs and Smart-Cameras. Remove the complexity problem and the software has become a great success among the non-geeks!

## Trialability

**trialability**
The degree to which an innovation may be experimented with on a limited basis

**Trialability** is the degree to which an innovation may be experimented with on a limited basis. Which has the greater credibility for you: a promise from a sales representative, or your own experience? When deciding whether a product or service is good or bad, people value their own experiences above almost everything else. If customers can test out a new technology in their own way, in their own time and with minimum risk, they can decide if it is worth paying money for. One of the reasons that the Apple Store has been so successful is that it is a place where current and potential customers can come in and play with Apple products as much as they wish and for as long as they wish.

An interesting feature of many internet-based services is the 'Freemium' business model. (Freemium is a combination of 'free' and 'premium'.) You probably have a free DropBox account, a free Google Drive account or a free Microsoft SkyDrive account—maybe all three, plus others. The promoters of these services expect that most users will just use the free service, but that there will be enough who will be willing to pay extra to get larger storage capacity, sharing features or other bonuses only available to premium customers. In effect, this is a risk-free method of gaining customers by letting them try the product for as long as they wish, until they become so used to the service that they're prepared to pay to be sure of keeping it.

## Trial and repeat purchases

The diffusion of innovation theory largely takes it for granted that adoption can be seen as separate from a trial preceded by the actual decision to adopt. In reality, often we cannot

easily separate a trial purchase from a committed purchase. Consider a new frequently purchased consumer good, such as a new grocery packaged food. The marketer is unlikely to be able to tell whether a purchase is a first-time trial prompted by advertising and point-of-sale promotions or whether it is a committed buyer who has added this brand to his list of regular purchases. The nature of frequently purchased consumer goods is that they are purchased on a regular basis. A first purchase may be followed by regular repurchases, although it's more likely that a buyer will add the accepted brand to her repertoire of acceptable brands, rather than adopting it exclusively. Alternatively, after trial a buyer may reject the brand. If everyone who trials a new brand decides to purchase again, and continues to purchase on the same regular basis, we would see a sales curve that is the sum of all of the trial and repeat purchases, as shown in Figure 11.8.
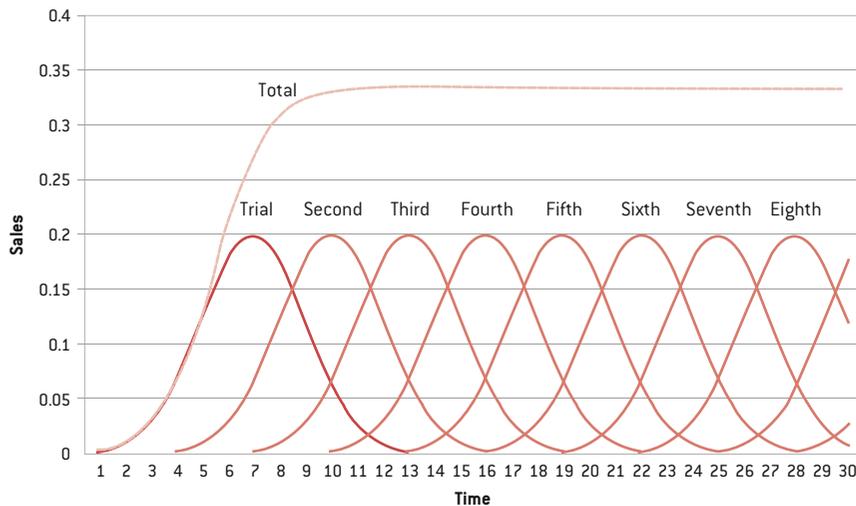


**FIGURE 11.8**
Trial and 100 per cent repurchase

Of course, we know that very rarely does a new product result in 100 per cent repurchase, especially if it's something where the financial, physical or social risks are low. A trial purchase for a grocery product is the easiest way to decide if it fits with current patterns of behaviour, habits and expectations of quality and performance.[5] So what if relatively few trial buyers actually decide to buy on a regular basis? That means that second, third and following purchases will be substantially lower than first-time, trial purchases. If this is the case, then the total sales curve will look more like that in Figure 11.9, which shows notional sales with 40 per cent repeat purchase, which is somewhat higher than what we know to be the case with most FMCGs.[6] Note that in Figure 11.9 the total sales curve rises in the classic S-shaped curve, until it reaches a peak, and then drops dramatically to a lower long-term average sales level. But that is not the end of the story. Most people don't buy exclusively just one brand within a product category—more likely an acceptable brand is simply added to the list of acceptable brands within a consumer's evoked set. So the brand becomes one of several that may be purchased on a regular basis. This is the equivalent of reducing the frequency of purchase for that one brand.

**FIGURE 11.9**
Trial and 40 per cent
repurchase
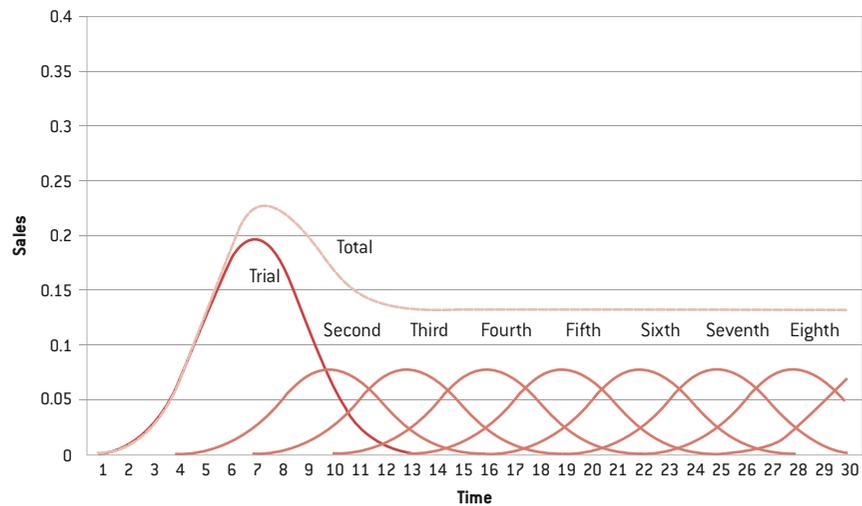


We can see in Figure 11.10 that changing the frequency of purchase has the remarkable effect of causing total sales to rise then fall and then rise again. This curve is common for grocery products: sales managers expect that initial sales will be higher in the weeks immediately after launch as a result of promotions and trials. Sales will always fall to a lower long-term level as trial purchases complete and consumers settle with their preferred brands.[7] This surprises some new sales managers, who like to think that their high sales figures will continue. Notice that even though the initial trial-purchase numbers are exactly the same, the difference in the repurchase rate shows that the peak in sales with 40 per cent repeat purchase is much lower than the peak with 100 per cent repeat purchase. Note also that in this example, the dramatic change in the total sales curve comes about only with the change in the level of repeat purchases. The trial purchase curve has not changed at all.

**FIGURE 11.10**
Trial and 40 per cent
repurchase at half
frequency
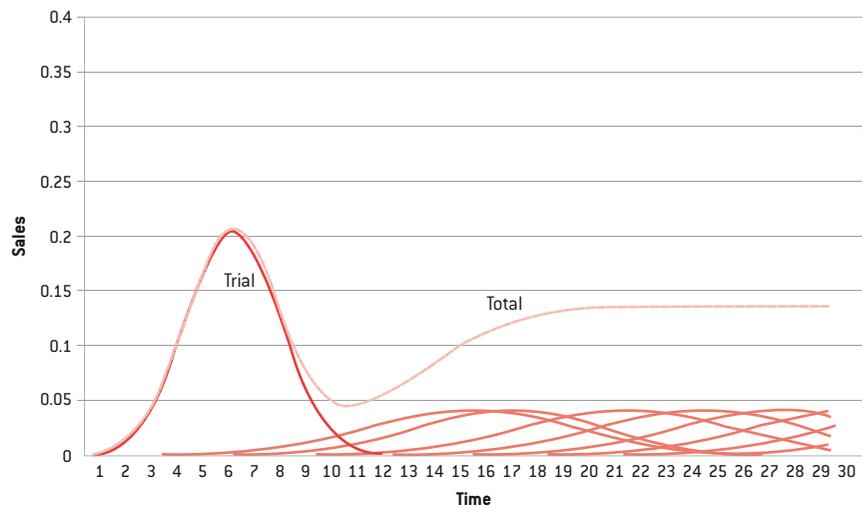
Consumer durables also can show a pattern of high initial purchase with a much slower repeat purchase cycle.[8] Recall that the rate of adoption of colour television was very high in Australia, as it continues to be with most consumer electronics, but of course the replacement rate is much longer. Average first purchase was less than three years, but the repurchase rate was between seven and fifteen years. Australian retailers in 1980 were caught by surprise when television sales suddenly fell and they had to sell at a loss to recover liquidity. Forecasting tools pioneered by Frank Bass (briefly discussed later in this chapter) would have warned these retailers and their suppliers of the peak in demand.[9]

### Observability

**Observability** is the degree to which the results of an innovation are visible to others. If we can't experience a new technique or technology ourselves, the next best thing is to see how that technique works for someone else.

**observability**
The degree to which the results of an innovation are visible to others

Do you know what brand of computer your friends use when they send you an email or a text message? Can you recall what you thought when you first saw an email with the tag, 'Sent from my iPhone'? This was an extraordinarily powerful message. That sig-file made the reader immediately aware of the device used by the sender. In 2007, sending an email from your phone was still pretty cool. While your own experience is the most persuasive way of testing a product, vicarious learning is the next most persuasive. Vicarious learning is learning by watching someone else's experience and then imagining the same thing happening to you.

## Consumer issues

Rogers' early work on farmers suggested some characteristics of the five different types of adopters in the diffusion process, according to innovativeness:

1  innovators (venturesome)
2  early adopters (respectable)
3  early majority (deliberate)
4  late majority (sceptical)
5  laggards (traditional).[10]

These characterisations of adopters probably held some validity in the context of rural communities' adoption of major innovations, but they are not applicable for most new products or product categories today. There is some evidence that innovators may indeed have peculiar personality characteristics, plus the means to act on those personality characteristics. That is, innovators may generally have low levels of risk aversion, be more adventurous, and be better connected to sources of information about new ideas and new products.[11] They also need to be able to take a risk. So innovators may have higher discretionary income. On the other hand, for most new product categories, the evidence suggests that there is rarely any real difference among the other categories of adopters. The categories of adopters are a function only of the timing of their adoption, not some

special characteristic of the person. In that sense, it may be better for managers to consider not five adopter categories, but just two: 'innovators and early adopters' and 'the rest'.

Rather than spend time on categories of adopters, it is worth considering the processes that affect a person's decision to buy or not to buy. We look now at the decision-making process, the social interactions that may affect information transfer and the types of people that affect other people.

## Consumer decision processes

So how do people decide whether or not to buy and continue to use a new product category? In the process of innovation decisions,[12] Rogers suggested that there are five stages:

- Knowledge (selective exposure or awareness of news). In this stage the individual is first exposed to an innovation but lacks information about that innovation. Usually the individual has not been inspired to find more information about the new idea.
- Attitude formation (people have positive or negative attitude towards innovations). In this stage, the individual is interested in the innovation and actively seeks information and details about it.
- Adoption (decision). People decide to adopt the innovation, or not. In this stage, the individual takes the concepts of change (switching cost), weighs the advantages and disadvantages of using the innovation, and decides whether to adopt or reject the innovation. Because this is very much an individual process, this stage is the most difficult stage to acquire empirical evidence.
- Implementation (regular or standard practice). In this stage, the individual employs the innovation to a varying degree depending on the situation. During this stage the individual determines the usefulness of the innovation and may search for further information about it.
- Confirmation (comparing and evaluating). Although the name of this stage may be misleading, in this stage the individual finalises her decision to continue using the innovation and may end up using it to its fullest potential.

**hierarchy of effects**
A sequence of steps taken by a decision-maker to achieve a goal; often this is a simplifying assumption made by the researcher or the marketer to make their work easier, rather than a representation of reality for all decision-makers

This process is closely in line with other **hierarchy of effects** models of consumer behaviour, such as the classic decision model we saw in Chapter 10. The American Marketing Association includes several more of these in its online dictionary (www .marketingpower.com/_layouts/dictionary.aspx). For example:

Awareness → Knowledge → Liking → Preference → Conviction → Adoption[13]

Awareness → Interest → Evaluation → Trial → Adoption.[14]

It doesn't matter a great deal which model of the decision and adoption process we use. It depends on what we are able to measure and what is applicable in the market and product circumstances.

Confirmation is an important part of anyone's continued use of an innovation. People like to know that they have made the right decision, especially if it was a risky or new

decision, so they actively seek out evidence. Evidence may be as simple as paying attention to any advertising for the product, even after purchase, or showing the product off to friends and seeking their approval. The best confirmation, of course, is a clear demonstration that the product performs much better than anything else that is available.

## Social structure and diffusion

Consider again how you decided to buy your smartphone. Did you receive information from a close friend who had done some research on the topic? Did you see someone who you admire and respect using the smartphone? Did you speak to salespeople?

The way that information moves through a community is often reflected by the nature of social structure in which people live. Structure is about who has connections to who else—who communicates with whom. The communication can be one-way or two-way. Consider the social classes that we discussed in Chapter 3. Is information—for example, about fashion—that comes from a 'higher' social class, or an aspirational group, more valuable or more persuasive than information from someone in the same social class? If so, information about fashion flows down from the 'higher' group to the 'lower' group. More likely, however, there are certain people who are recognised within a community as knowledgeable experts or role models for others. Such people may be celebrities, journalists or simply someone we know from our own peer group who is more interested in the topic than we are. Such people are generally known as opinion leaders.[15] They help to alert other people in a community about the existence of new products and trends. They don't create the ideas or start the trend though. Opinion leaders get their information from other established information sources with which they have contact. So celebrities will seek out established fashion designers so that they can make a splash, fashion journalists will talk to other designers and attend the fashion shows, and your friend who is more interested in the topic than you are will regularly read the fashion magazines and websites in which these celebrities and journalists appear. So opinion leaders are rarely innovators. They may be early adopters, or they may be simply trusted information sources for others.

## Opinion leaders and change agents

Opinion leadership is the degree to which an individual is able to influence other individuals' attitudes or overt behaviour informally. Opinion leadership usually is specific to a particular product class. You may learn about the latest films from one friend, about fashion options from another friend, and about mobile phones from another person altogether. An **opinion leader** is a person whose knowledgeable and insightful views we value as the basis of our thinking and decisions. The important difference between opinion leaders and other people is that they have higher enduring involvement than other people with whom they communicate.[16] That is, opinion leaders are more interested in a particular product category or topic than others. They seek out information about the topic for their own interests, and they enjoy sharing that information with other people.

Marketing organisations often employ **change agents** of different sorts. Generally, a change agent is a representative of a marketing organisation, usually formally contracted

Understand the social and behavioural influences on diffusion.

**opinion leader**
A person whose knowledgeable and insightful views we value as the basis of our thinking and decisions

**change agent**
A representative of a marketing organisation who attempts to influence opinion leaders by pushing information towards those opinion leaders in the expectation that the opinion leader will forward that information to others

by the marketing firm. A change agent attempts to influence opinion leaders by pushing information towards those opinion leaders in the expectation that the opinion leader will forward that information to others.[17] Sometimes marketers can recruit an enthusiastic volunteer to try to influence opinion leaders. This form of change agent is simply called an **aide**.

**aide**

an enthusiastic brand user who volunteers to be an advocate for a brand

So who are opinion leaders and how can change agents contact them? Sometimes it is clear that some individuals have a strong influence on others. Websites and online discussion forums that are popular with a particular profession or interest group will have knowledgeable, well-respected and frequent contributors. If you make these people advocates for your cause, you will probably have everyone else sold as well. Journalists and popular bloggers on specific topics are routinely contacted by companies and sent information or samples ahead of others with the expectation that these 'influentials' will share their knowledge with readers.[18] But many products and services do not have such easily identifiable opinion leaders: the potential customer base is too wide and not specific enough to have opinion leaders that can be identified by their past behaviour or past influence. In reality, almost everyone is an opinion leader at some stage for some product category or product model. If you have ever watched a new film at the cinema and then recommended it to a friend, who took your advice, then you are an opinion leader—at least you were an opinion leader on that occasion for that particular event. Professional marketers can't target particular members of a community who may be opinion leaders. They have to encourage circumstances for everyone to communicate their use of and approval of the product.

## Communications and linkage issues

Usually we think about an opinion leader as an active advocate for an idea or new product. But that need not be so. Communication about ideas and products may be a passive process, too. Many people learned about the value of an iPhone when they saw the 'Sent from my iPhone' tag on an email. Many snowboarders learned about the GoPro camera when they saw other boarders on the slopes with the camera mounted on their helmets. The product feature of observability is often the most valuable communications function available to marketers. In that sense, much of the communication about new products and ideas is a one-way process, with people observing or receiving information from others, sometimes without even actively seeking out the information. Those people who do actively seek out information are those who have higher levels of enduring involvement in the idea or product category. Highly involved people are more likely to also share their knowledge with others and become opinion leaders and early adopters.

Diffusion theory is not only applicable to the adoption of new products, but is equally useful in understanding the diffusion of ideas, and of information about important social issues.[19] Twitter is a popular social medium for sending short messages to anyone who follows your account. During the devastating floods in south-east Queensland in

January 2011, many citizens found Twitter to be a very useful method of learning what the situation was among friends and relatives in various centres that were under threat. Figure 11.11 shows a network map of Twitter accounts that posted messages using the hashtag '#qldfloods' in the week of 10–15 January 2011.

In Figure 11.11 the size of blob indicates the most important nodes; that is, the ones most replied to. These are QPSMedia (Queensland Police) and news media such as newspapers (*Courier-Mail* and *Brisbane Times*) and radio and television (ABC News Radio, ABC TV and Channel 7). The colour of the blobs indicates the most active accounts. Red nodes are the most active, followed by orange and white as the least active. We can see that the most active accounts are not necessarily the ones that are replied to the most; that is, frequent posts do not make an information source important or popular.
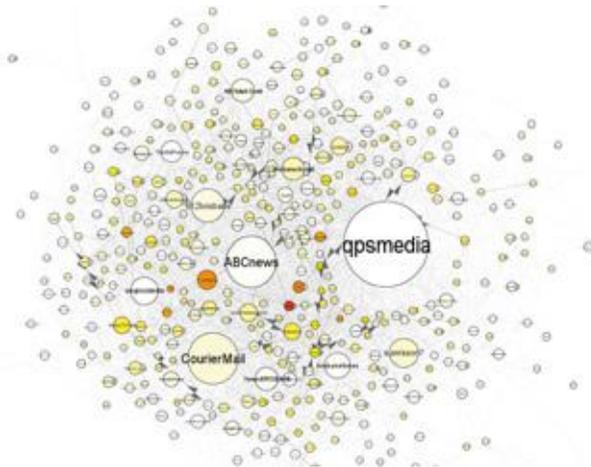


**FIGURE 11.11**
Twitter network map, Queensland floods, 2011

While one information source may not be popular, the message from that one source may have a very great effect, so long as it is linked to an influential source. One's links to influential sources seems to have the greatest influence on whether you receive information ahead of others, and whether your information is communicated to others.

You have a circle of friends, many of whom know each other. You probably also have some friends that are not known to most of your friends. You probably hang out with some people at university, and some other people from a sports club, and maybe others from a social group or church. You might say you move in different circles. Sociologists and mathematicians say that you are a member of overlapping networks. Researchers often map social networks to better understand how information flows among people. How many linkages you have and who you are linked to determine your location in a network. Regardless of the personal characteristics of the individual, network location is likely to strongly affect when and how well you learn about new ideas from other people.

## OTHER ISSUES AFFECTING DIFFUSION

In this chapter we have taken it as given that the diffusion process is a function of information flows between individuals. There are other issues that affect the diffusion process. We can think about such influences in terms of whether they are from outside the interpersonal communications network (exogenous) or from within the network (endogenous).

### Exogenous influences

For the purposes of understanding networks, it is often easiest to regard some information sources as outside influences. Foremost of these are the media and the marketplace.

#### Media

Generally, mass media is available to everyone. Anyone in the network can access such information. The only difference is that some people in a system make a special effort to access news media, or pay attention to advertising related to their special interest. These people have higher enduring involvement. While the effect of media may be strong, often it is only through the influence of these individuals who add legitimacy to a marketing message, and help to spread the message.

#### Marketplace

As we see later in this chapter, the structure of a marketplace can have an important impact on the diffusion process. If retailers do not stock a product then it cannot be sold to customers, unless those customers are prepared to make a special effort to seek out distributors. In Australia, people who wanted to buy a GoPro in 2009 needed to search online for distributors, most of which had run out of stock when they were found. So the diffusion process is affected not just by creating awareness and desire for a product, but also by the marketplace allowing customers to act on that desire in order to buy.

### Endogenous influences

Endogenous influences are those influences on the diffusion process that are within network systems. Here we revisit some of the ideas from earlier chapters on word of mouth and modelling.

#### Word of mouth

Word of mouth (WOM) is an active process. WOM is simply the process of distributing information from person to person through oral communication—by talking to each other. If you've talked about a new television show with a friend and suggested that it may be a good one to watch, then you've participated in WOM, and you've been an opinion leader.

The important point here is that the person who communicates is making an effort to tell other people about the new idea or new product. Usually, the receiver has also sought out the information from the sender—the conversation has turned to television shows and the receiver usually has asked for an opinion, or is happy to receive the information.

## Role modelling

By contrast, role modelling is a passive process. **Modelling** comes from the discipline of psychology where we see that many cultural and social activities are learned by simply imitating the behaviours of others. The model or sender often is quite unaware that she is an example for others, but people watch her just the same and learn what is appropriate. You may have seen someone in the street wearing a new piece of designer clothing, and thought, 'I wonder how that would look on me?' You have experienced the process of modelling. Modelling can be seen as another mode of vicarious learning.

## NETWORKS

Consider the simple example of a network presented in Figure 11.12. Each of the blobs, or nodes, is a person, and each node is linked to one or more other nodes. Let's say that you are represented by the node 'A' and the links between nodes represent paths of communication.

**modelling**
The process of learning cultural and social activities by simply imitating the behaviours or example of others

Understand how networks affect communications flows within a community.
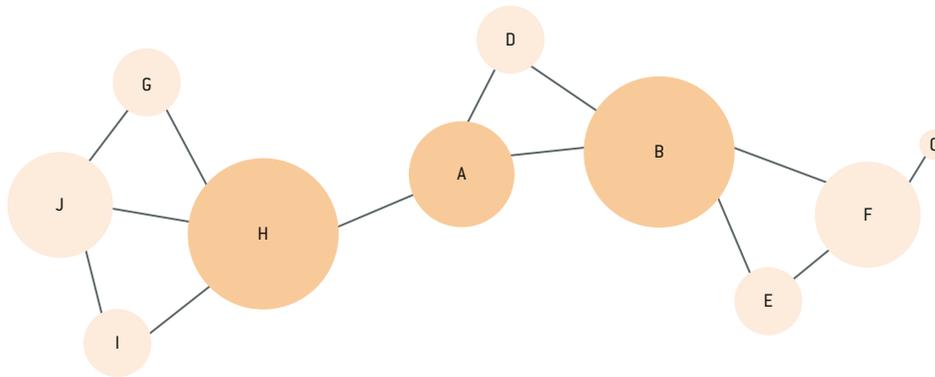
**FIGURE 11.12**
Simple network graph

Node A is linked to nodes B, D and H. Node B, in turn, is linked to nodes D, E and F. Node H is linked to nodes G, I and J. Node C is linked only to node F. The size of each node is proportional to the number of links it has. We can see that node B is linked to four other nodes. Node A is linked to three others, and Nodes G, I, E, and D have just two links each. With a little imagination we can see that there are perhaps two clusters here: one cluster is made up of nodes G, H, I and J, and the other cluster is made up of the other nodes. Since the links are the only way of getting information from one node to the other, we can see that node C is dependent on F for information. Node F can receive information from any of B, C

or E. The number of linkages between nodes is called the degree of a node. In this graph, we have made the size of each node proportional to its degree. So H and B have more contacts than any other in the network. Note that for a message to travel from A to C then it must go through B and F. Similarly, for a message to travel from J to C then the shortest route is five steps. The shortest route from E to J is four steps. Node A is just two steps from everyone in the network, except for C, which is three steps away.

In Figure 11.12, a person such as node C cannot learn about new ideas unless F has the information, and is able to share it. Node A obviously is important—it is the bridge between the two sides of the network, and it is the closest average distance from all other nodes. Within a network we can infer how important a node may be based on how many links it has, where it is located with respect to the other nodes in the network, or the extent that communications from different parts of the network depend on a node. These measures of importance are known as **centrality**,[20] which has four aspects: degree centrality, betweenness centrality, closeness centrality and eigenvector centrality.

## Degree centrality

Degree centrality is the number of links to or from a node in a network. In social networks, usually a link is bi-directional; that is, communication flows in both directions. If the information flow is in one direction only then we sometimes need to have two types of degree: indegree, which is the number of links towards a node; and outdegree, which is the number of links from a node. In a social setting, indegree may be regarded as a measure of how popular a person is and how much attention that others pay to him or her, and outdegree may be a measure of how active the person is in maintaining contact with others. So if we look at a network map of you and your friends in Facebook, for example, then the friend who receives many 'Likes' will have a high indegree centrality, and the friend who clicks most 'Likes' will have the higher outdegree centrality.

## Betweenness centrality

Betweenness centrality is a measure of how important a node is for efficient communication among other nodes. Can you see the shortest path between nodes D and E in Figure 11.11? It goes through B. The communication could also travel through A and then B but that is not as efficient. If we calculate all of the shortest routes from all of the nodes to all of the other nodes, and add up the number of times that each node is included in the paths, then you have the measure of betweenness. In Figure 11.12 the nodes A, B and H have the highest betweenness.

## Closeness centrality

Closeness centrality is a measure of how long it might take for a message to get from a particular node to all other nodes. Closeness is the sum of all of the shortest paths from

one node to all other nodes. In Figure 11.12, node A has the smallest closeness, so it can be regarded as an important communications target if we want to distribute information quickly.

## Eigenvector centrality

As we saw earlier, you don't have to be popular or well known in order to have an influence on others, so long as you have a link to someone else who is highly influential. Eigenvector centrality is a measure of that potential influence for each node in a network. The word 'eigenvector' comes from the field of matrix algebra in mathematics, and we won't deal with that here. In Figure 11.12, nodes D and G have the same degree (two links each), but D will have much higher eigenvector centrality because it is linked directly to a more 'important' node, A. Node A is important because of its closeness centrality—it is closer to all other nodes than any other node. If node A communicates, all other nodes receive the message more quickly than if anyone else communicates.

Figure 11.13 shows an extract from the Facebook network from one of the authors of this book. All of the nodes on the map represent one person who is a 'Friend' on Facebook. The names and personal details have been removed, but if you create one of your own then you can include these features. This is a special kind of network map, called an ego-centred network, because one node, the author, is linked to all of the other nodes. To make analysis easy, we remove that node and examine the links among all of the remaining nodes. You can see that there are three clusters, plus many single, unconnected nodes. The largest cluster is made up of members of a sports club in Sydney, the cluster to the lower left is up mostly of family members, and the cluster to the lower right is made of friends in Canada and the USA. The other small clusters and single nodes are individuals from previous work locations, and friends gathered when travelling. You can see that one person in the family cluster is a bridge to the sports club cluster (this is the partner of the author, who recently joined the sports club). There are no bridges between the North American cluster and the other two clusters (except for the author who is friends with all of the people in the map). If a message is to travel from the family to someone in the North American cluster then it must go through the author. The author is the bridge between the two groups. Those single unconnected nodes are not lonely people—they have networks of their own to which the author does not belong. Those single nodes are bridges from the author's networks to the networks of all of their friends. We can see that moving ideas around depends on bridges between groups. Online discussions and linkages among friends on social network services have enabled some researchers to create forecasting models for new products.[21] If a message about a new idea or product is shared among many different social networks, it is possible to forecast the speed of further information gathering—especially online information gathering—and trial purchases.
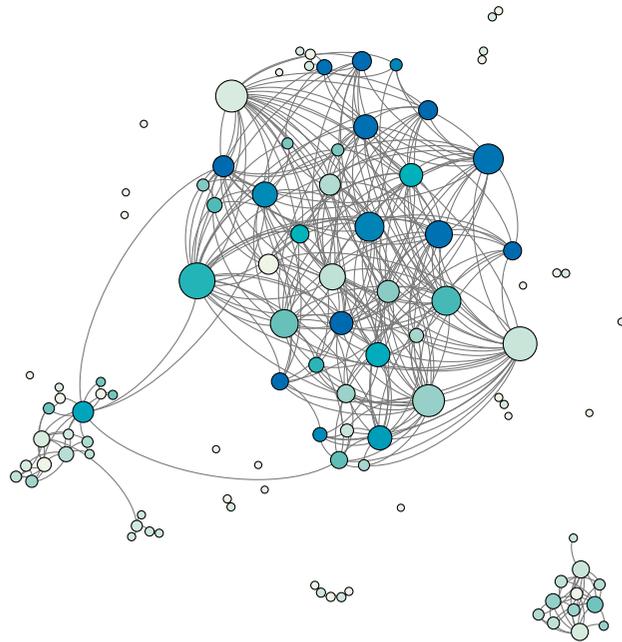
## STRONG TIES AND WEAK TIES

**strong ties**
Connections among two or more people that have close and frequent contacts; strong ties are more trusted and share more information than other people

**weak ties**
occasional or infrequent contacts among people; weak ties may not be well known but they are sources of new information not found within one's usual circle of friends and family

In 1973, an American sociologist and professor at Stanford University, Mark Granovetter, published a landmark research paper called 'The strength of weak ties'.[22] In this paper, Granovetter reported on research about how easy or difficult it was for people to find a job. Generally, when looking for a job, a person would regularly check the classified advertisement pages in the newspapers (this was before the internet), and ask for advice and tips, and possible opportunities, from close friends and family. Others did all of that, but also had the opportunity to talk to other people, such as former workmates in the same industry, social club members and others in the community, and ask if they knew someone who may know someone who could help. Granovetter classed close friends and family as **strong ties**—those links that are enduring and strong. He roughly classed other links, such as acquaintances, workmates, friends of friends and so on, as 'weak ties'. Logically, your strong ties are people that are also likely to know each other as well as they know you. Your strong ties also are likely to have similar information as you do, so talking to your strong ties does not provide you with much new information. **Weak ties**, on the other hand, are bridges to other social networks. If you speak to a new acquaintance, you're more likely to learn something new.

Interestingly, Granovetter found that those people in the job market who were able to talk to more weak ties were able to find a new job much more quickly than those who did not have access to many acquaintances. The discovery was that access to people who we are not familiar with gives us access to other people—and therefore information that is not

available to us in our close circles of friends and family. This seems fairly obvious when we say it, but most of us think about our strong ties—our family and close friends—as the most important sources of advice and information. Certainly, our family and close friends have the highest credibility: we trust them more. But acquaintances are a greater source of new ideas and information about alternative options and behaviour. So strong ties give us the same ideas, strongly reinforced, and weak ties give us new ideas, weakly reinforced. In any social structure, it has been found, individuals will cluster in small cliques of strong ties, and weak ties become a crucial bridge between any two closely knit clusters of friends.

Consider the network map in Figure 11.12 again. We see that there are many links among members of the sports club. Information within this cluster spreads very quickly, even among those who do not know each other very well, since there are rarely more than two steps between any two nodes. Similarly, the family cluster (lower left) also spreads information quickly. But if information were to move from the family cluster to the sports club cluster, it could only travel via that one person who knows people in both clusters.

Also note the colours and the sizes of the nodes in Figure 11.12. In this map, the size is proportional to the degree centrality of each node, and the colour is proportional to the eigenvector centrality of each node. The stronger the colour, the more authority lies in that node. That is, the dark orange nodes are more important in transferring information within and between the clusters. It is interesting to see that the most important (eigenvector centrality) nodes within a cluster are not necessarily the nodes with the most connections (degree centrality).

## MULTISTAGE DIFFUSION

Usually we think about the diffusion process as a single decision—deciding whether or not to buy the latest mobile phone, or to wear a new hairstyle. But often the adoption process is made in stages. There are several factors that can enable, or inhibit, the diffusion process: those that are outside of the decision-maker (channel functions) and those that are a part of the consumer (consumer functions).

### Channel functions

Regardless of how much a consumer may know about a new product, or know even how much she may want it, adoption is impossible unless the product is available, and unless all parties in the supply chain approve of your purchase.

#### Channel intermediaries

The typical distribution system for consumer products is represented as a flow from manufacturer to wholesaler to retailer to consumer. Of course, there are many variations and additions to that flow model depending on the type and length of the supply chain. But the important point is that we can't buy a retail item if it isn't stocked by the retailer. This implies that the diffusion process is actually a multistage process. First, the intermediaries

in a distribution system must adopt the product, and then the consumers have an opportunity to adopt also. Recall how earlier in this chapter, in the Consumer behaviour in action box, we saw how interest in the GoPro action camera accelerated when two things happened: the GoPro 3 was launched, and there was a dramatic increase in the numbers of retail distributors. Within a few months from January 2013, almost every surfboard dealer, ski shop and skateboard shop in Australia had a GoPro display in store. If surfers and skiers were not aware of the product before that time, then they were very likely to learn about it in the shop. As a result, many shops had difficulty keeping up with demand.

Marketers of retail goods, then, have to consider which is likely to have the greatest impact on the diffusion of their product: a 'pull' strategy where demand is encouraged with promotions aimed at the consumer, or a 'push' strategy where demand is encouraged by promotions aimed at persuading retailers to stock the brand and sell to final customers.

### Enabling intermediaries

Many products and services involve more than a simple transaction between a buyer and a seller. Building a home, for example, involves the participation of banks, local councils, property developers, builders and designers. Each of these has legal obligations, standards that must be kept, and personal preferences. So what happens if you want to build something that one of them has not had to deal with before? This is the problem faced routinely by many innovative architects who want to build with new materials or features. Dome houses have been designed around the world since the mid 1960s. They are lightweight for their size, quick to build, robust against earth movement, and many people find them attractive. Yet they are not very popular, mainly because it's just too hard to get them approved by local council. Most local councils define very strictly what materials can be used, and even what shapes are permitted. If anything out of those strict boundaries is requested, it is automatically refused. For most designers and clients, it's just too difficult to argue, and professional builders and other tradespeople are justifiably wary of materials or building techniques that they have not used before. Making a mistake can be very costly and they may have to take responsibility for any changes, even if the mistake is not theirs, so typically a builder will add a significantly higher price for their work. Banks also may have strict guidelines for what they are prepared to lend money for. If there is a chance that the property will not be able to be sold if the loan turns bad then the bank's risk is greater, so the loan will be refused, or higher charges will be levied.

All of those potential problems with intermediaries conspire to slow or even halt the diffusion of innovative technologies. This in itself does not make those intermediaries 'bad', ill-educated or resistant to change. They have very sound reasons for their preferences. It then becomes the task of the marketer to demonstrate how the change will benefit all parties. If that is not possible, perhaps the innovation was not worth widespread adoption.

## Consumer functions

Multistage diffusion occurs within the minds and behaviours of final consumers more often than is usually presented in most discussions of the topic. The adoption of a new

**FIGURE 11.14**
Unusual products cause problems with intermediaries

technology frequently involves two principal steps: the decision to adopt the technology, and the decision to buy a particular brand.

### Category decisions, consumer decisions

Economists call multistage purchases 'nested decisions'. The decision to buy a Samsung Galaxy is nested within the decision to buy a tablet or 'phablet' (combining a mobile phone with a tablet computer). In order to adopt the brand, the consumer must first be persuaded to accept the value of the tablet computer, and perhaps give up the keyboard that is so useful on his old laptop computer.

## MODELLING AND FORECASTING

The word 'model' has several meanings. For example, model can mean:

- a small representation of a thing ('She built a model of the Sydney Opera House')
- a person who serves as a pattern for an artist ('He posed as a model for the painter')
- a person whose behaviour is imitated by others, as we discussed earlier in the section on modelling ('As a child, you model your behaviour on your parents' actions')
- a description of a system, theory or phenomenon that accounts for its known or inferred properties and may be used for further study of its characteristics, including a computer simulation based on such a system.

In all cases 'model' is intended to help us understand how something works. You may have played with a model aeroplane as a child. It gives a good idea of what a real aircraft looks like, but it probably didn't fly. On the other hand, you may have built a paper aeroplane or a flying toy aircraft. It probably didn't look like any real aircraft, but it gave you a good

Compare different approaches to modelling the diffusion process.

understanding of how a real aircraft actually flies. By its nature, a model cannot provide all of the details of whatever it represents. Instead, it helps us understand some particular aspect of the thing.

In this section we use 'model' to mean the last of the above terms—a description of a system or theory. A model is not the system or theory itself; rather, it is usually a partial representation of the system or theory. That is one of the valuable features of a good model: it helps us understand how something works by showing how the components work together, and it helps us understand what components are not included in the model.

## The Bass model

Shortly after Rogers' work on the diffusion process in 1969, Frank Bass, then a professor at Purdue University in the USA, added some mathematical contributions to the idea that allowed us to forecast sales of some new products. Bass suggested that adopters of new products could be divided into just two groups: innovators and imitators. Innovators were influenced by stimuli other than interpersonal contact, such as promotions and their own personal interest. Imitators were influenced by word of mouth and the popularity of a new product, which together are a function of the number of other people who have already adopted. Innovators at any one time could be regarded as simply a proportion of those who have not yet adopted. Bass found that for many new technologies (such as refrigerators and televisions), the proportion (p) of people who adopted purely as a result of personal interest and marketing was usually about 3 per cent, but often less than 1 per cent of those who had not yet adopted. Imitators at any one time could be measured as a proportion (q) of those who have not yet adopted, inflated by the proportion who have already adopted.[23]

*Innovators (t) = p × (Total market – n Already adopted)*
*Imitators (t) = q × (n Already Adopted ÷ Total market) × (Total market – n Already adopted)*

As shown in Figure 11.14, the bell-shaped curve of first-time buyers can be regarded as the sum of adoptions by innovators and adoptions by imitators.

The Bass diffusion model has been used in hundreds of studies of new product adoptions,  including frequently purchased consumer goods, fashion, industrial technologies and services. The mathematics can be rather forbidding for most people, involving non-linear differential equations, but they can be used to make forecasts of the likely peak in sales, and then of the likely total market size, often based on just the first few years of sales figures.[24]

## Dynamic systems models of diffusion

Fortunately, we no longer have to think only in terms of complicated nonlinear differential calculus used in the classic Bass model. In fact, it becomes easier and often more reliable to think in terms of dynamic systems models, using modelling software. The graph in Figure  11.15 was created from an Excel spreadsheet using the same equations suggested by
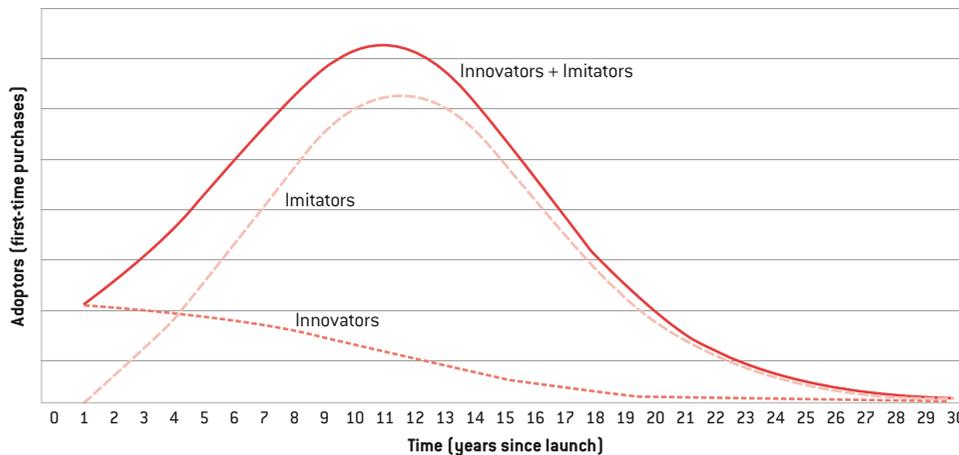
**FIGURE 11.15**
Bass diffusion curve

Bass, but with calculations made as discrete time intervals. A similar graph can be created using another modelling tool that makes it easy to visually describe the different features of the diffusion process, without having to worry too much about the specific mathematical properties of all components. The model in Figure 11.16 was created using the free online modelling software, Insight Maker.[25] The time-series graph is created automatically from the inputs of the pictorial model. Note that the model in Figure 11.16 includes influences from advertising effectiveness, word-of-mouth effectiveness and number of contacts per person. Other features can be added to the model such as pricing, price sensitivity and distribution level. Even more dynamic features could be added to test their effects on the final results; for example, retail distribution may increase only when consumer adoption reaches certain levels. That is, there is an adoption function for retailers as well as for consumers. Obviously, the model becomes much more complicated, and often those extra features add little to our understanding of the system. On the other hand, sometimes a more complicated model can help us make very accurate predictions.

Alternative modelling tools include network models, designed explicitly to help us understand how connections among people affect the diffusion process,[26] and agent-based models, which help us to understand how the characteristics of individuals affect diffusion.

## Network models

The model presented in Figure 11.17 shows a network similar to those we saw in the maps of Facebook friends earlier. This map is of an artificially created network, with a predetermined average degree centrality. Researchers designed this model to investigate the susceptibility of citizens to a virus, such as influenza, and the different effects of isolation and treatment.[27] With very little change, the same model can be reworked to consider the impact of new product information, word of mouth and opinion leadership[28] and the effects of counter-information and resistance to adoption. Note that the time-series

**FIGURE 11.16**
Bass diffusion model created with Insight Maker
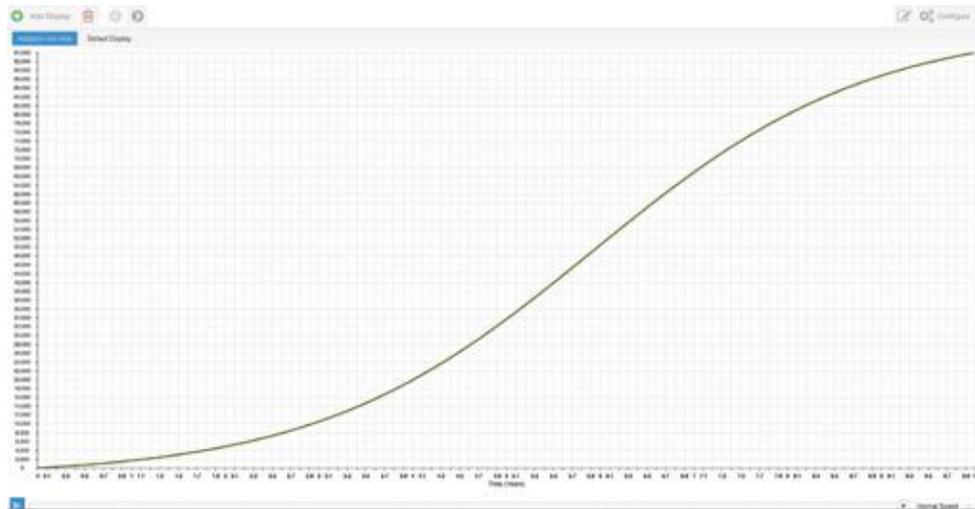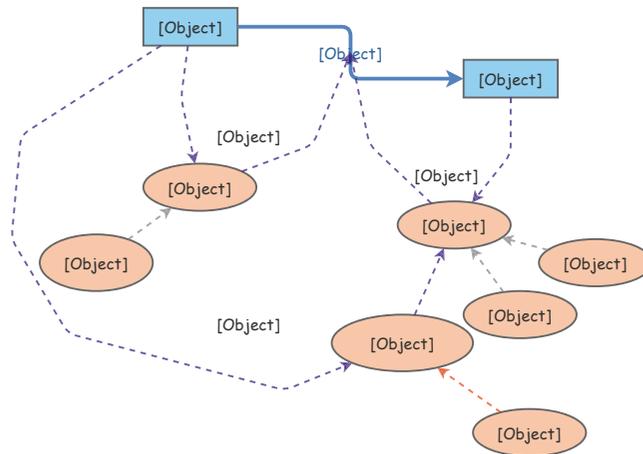
graph in Figure 11.17 shows an 'infected' group (red) and a somewhat bell-shaped curve of new adopters, and a 'resistant' group (grey) with the beginning of the S-shaped curve of cumulative adoptions. Clearly, our understanding of the diffusion of innovations has been helped from models of contagious diseases.

The same ideas of spreading a virus across a population were applied to another problem in marketing theory. It is possible that acceptance of an innovation may be considered as a two-stage process, where there are both the social pressures to 'upgrade' technology, and then the type of model or design of the new product that is selected.[29] One may argue that it is the acceptance of a particular brand of product, rather than new technology per se, that is the real focus of diffusion-of-innovation studies in marketing. We tested the idea of a two-stage adoption process: deciding to buy a tablet computer and then choosing between an Apple iPad and a Samsung Galaxy. For simplicity's sake we considered the metaphor of upgrading from a 3G to a 4G iPhone and the choice of either a white or black colour handset.
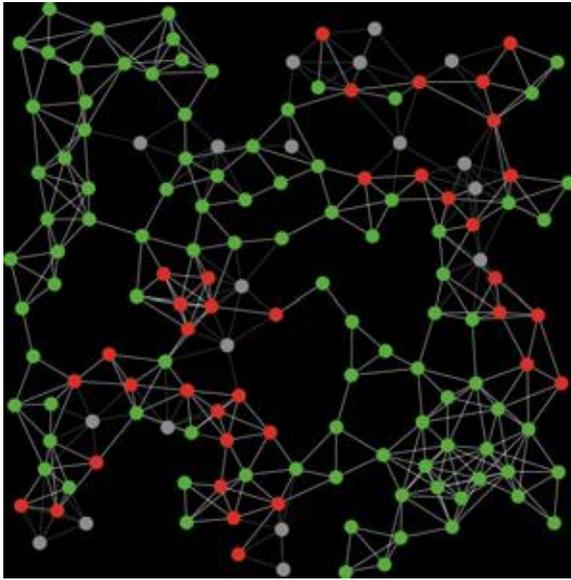
**FIGURE 11.17**
NetLogo virus on a
network model

We were particularly interested in how signalling (of say, a white phone compared to a black phone) triggers the decision to adopt and what model was then selected. This is analogous to a brand choice following on from a decision to upgrade to the latest technology. The research objectives of the study were to:

1   model the effect of brand choices (white or black) in social networks on the rate of acceptance of new technology
2   model how the brand choices of agents affect the relative market share of alternatives (white or black)
3   examine the moderating effects of different types of social networks on diffusion rate and market share.

As illustrated in Figure 11.18, the authors created a simple small world where nodes could change from grey to either white or black depending on their choices. **Small world networks** are a type of network graph in which most nodes are directly connected to each other, but most nodes can be reached from any other by a small number of steps. The choices were based on the relative chance of being influenced by the demonstration of the new technology, and then by the brand of new technology. In a series of experiments we manipulated the effect that popularity (degree centrality) had on the persuasion process, the type of network structure, the relative numbers of white to black adoptions at the beginning of the experiment, the relative chance of deciding to upgrade as a result of being shown a white or a black brand, and the relative chance of choosing white instead of black as a result of being shown white or black. We were surprised to discover that the number of nodes with a particular colour at the beginning had very little influence on the

**small world network**
A type of network graph
in which most nodes
are directly connected
to each other, but most
nodes can be reached
from any other by a small
number of steps

final outcomes. Speed of diffusion was affected most by the persuasive abilities of key nodes—those nodes with the most linkages. Final market share, on the other hand, was affected almost entirely by the relative chance of imitating a particular brand.[30]

**FIGURE 11.18**
NetLogo model: two-stage diffusion process
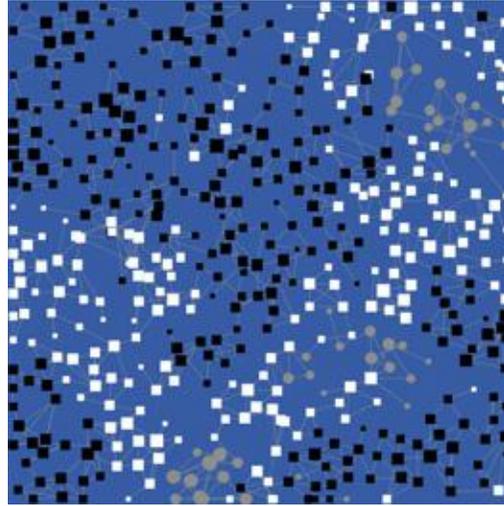


Network models, such as presented in Figure 11.18, highlight the value of linkages between nodes, the linkages between people and how people gather into clusters. Alternatively, we can think about the conditions where people make contact with each other and then have influence on each other. These often are called agent-based models.

## Agent-based models

**agent-based modelling**
A form of simulation where many simple interactions among many individuals, each acting for their own purposes and with limited information, have the effect of exhibiting complex emergent properties of the system as a whole

**Agent-based modelling** is a part of a much larger stream of research known as complexity theory. Instead of trying to create complicated mathematical formulae to represent a marketplace or a diffusion function, such as in the Bass model, complexity theory takes the view that a market is the aggregation of many simple interactions among many individuals, each acting for its own purposes, and with limited information. Consider this scenario. We create a large number of artificial people who live inside your computer. They're called 'agents'. All of the agents are ignorant of a new product, except for one. All of the agents wander around at random and occasionally bump into one another. If an agent who knows about the product bumps into an agent who doesn't know, then there is a chance that the two agents will exchange information and then both agents will know about the new product. With such a simple representation of the world we might think that the diffusion process would be slow and haphazard. In fact, the diffusion process is remarkably consistent. Again and again it takes about the same amount of time for everyone to learn of the new product, and the diffusion curve is the same shape. What is different each time such a

simulation is run, though, is that those who we might call innovators are different every time. That part is random. We see what is known as an 'emergent property'—very complicated behaviour of the system based upon many very simple interactions among the agents within the system. Complexity theory in general, and agent-based modelling in particular, helps us to understand how agents interact with each other to create very complicated phenomena. Having created the initial diffusion model, interesting additional features can be added, such as opinion leaders or selective media activity.[31] We can ask 'what if' questions and see how robust a system is under certain conditions, and how some outcomes can be dramatically affected by very small changes in some other conditions. This is the origin of the idea of the 'butterfly effect'—the notion that a butterfly flapping its wings in Brazil could precipitate a cyclone in Indonesia several weeks later.

Agent-based models are used by zoologists to understand how fish gather into shoals, and how colonies of bees and ants find food. Transport engineers use agent-based models to understand how traffic congestion occurs on a freeway. Economists recently have used agent-based models to understand how financial markets work—and fail. And, increasingly, market researchers are using agent-based modelling to understand how social interactions affect the success of new products.[32]

The model illustrated in Figure 11.19 was used to test the relative influences of strong ties and weak ties in the diffusion process. In this model all of the agents are the same, and



**FIGURE 11.19**
Agent-based model of diffusion via strong and weak ties
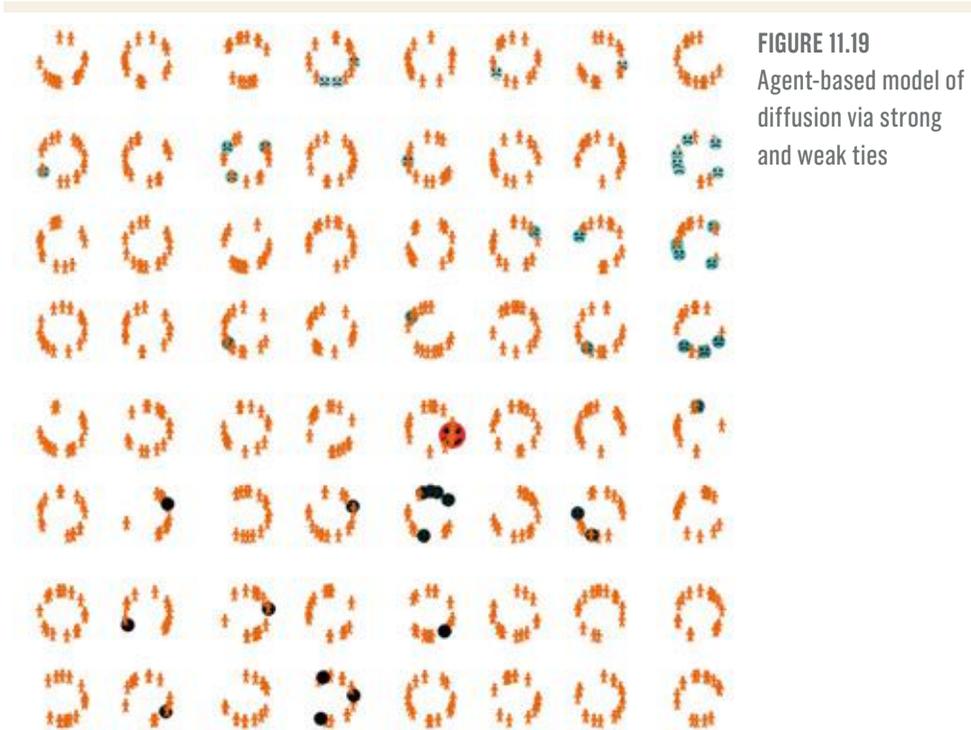
they are gathered into clusters of 'strong ties' where information is regularly shared with high levels of persuasiveness. At each time step, each agent makes contact with several other randomly chosen agents who are not in the same clique, and those agents may exchange information. Over time, the idea spreads throughout this artificial society. The model could be manipulated to change the number of strong ties, the number of weak ties, and the relative persuasiveness of strong and weak ties. To our surprise, we found that the speed of the diffusion process was not affected so much by either strong or weak ties, but rather the total number of ties that agents were linked with.[33]

In that simulation, all of the agents were the same, with equal numbers in each clique, equal numbers of weak ties, and the same relative persuasiveness of those ties. In the real world, of course, we know that some people don't have a wide circle of acquaintances, some are more resistant to new ideas, and some are not very persuasive. The next step in the research, then, was to model these processes again with highly right-skewed numbers of contacts, and with asymmetric levels of interpersonal influence. Interestingly, we found that the overall conclusions did not change.

PRACTITIONER PROFILE

## NANCY GEORGES

Nancy Georges is a retail strategist, with more than 25 years' experience in retail, marketing, strategic planning, wholesale, product development, customer service, training and manufacturing in a diverse range of retail environments and product categories in Australia, Asia, the USA and Europe. Her expertise in all areas of retail, marketing and digital integration ensures that she is able to address and develop clients' needs to ensure the business's growth and profitability. She is a social media expert who is sharing her skill and know-how with clients and at conferences, seminars, workshops and master classes.

### How did your career start?

My career started as a management trainee at Grace Bros, Australia's largest department store at the time. While I was doing the training, I was also studying a Bachelor of Commerce, with a marketing major. This allowed me to combine theory and the real world with practical experience. I have carried this with me my whole career.

### What advice would you offer a student studying consumer behaviour?

Consumer behaviour is the *absolute* cornerstone of every single decision and action we make in business today. Businesses are no longer driving the sales conversation—the customer/consumer is in charge. Technology has helped them connect and take charge of the sales process: they can source, compare and make their final choice wherever they want to—inside and outside of their home. The internet is merely the playing ground of this new behaviour. Retailers and business owners who understand this behaviour can adapt and connect with this new connected customer organically and as part of the customer's normal behaviour.

### How important are consumer insights to what you do and to your organisation?

Consumer insights are just as important as our own observations and experience. Insights give us big picture behaviour, and we operate big picture now. Australians are fast adopters in many ways, and consumer insights give us an early notice of a new changed behaviour or activity.

### What is the hardest decision you've had to make to date?

My hardest decision was to close my first business down to start Magnolia Solutions. I realised that that was my 'heart job': the one I loved so much that I would make allowances

and exceptions for at the expense of my own livelihood. I wasn't making money, I was working all the time and I wasn't fulfilled or as satisfied as I thought I would be. Making the decision was as hard as the change itself. I am now working in my 'skill/brain' job. This is what I am good at and where I can add value. Going through this process gives me insight and empathy for my clients as they undergo their own transition through this changing business environment. I know it can be done and the results are exceptionally better!

### How important is social media to you?

Social media is vital! It is the way we connect, communicate and collaborate. It is an important part of the business in every department and aspect. Note that I said 'part'—a business must be in great shape and social media will not fix all ills.

The speed of adoption and the heavy use of social media by consumers is the reason business owners must integrate it into every corner of their business. Commercial importance aside, I have met the most amazing wonderful people I would never otherwise have met through social media. I have reconnected with old friends and stayed in touch with family and friends all over the world.

I started Social Media Women in 2010 to make social media more accessible and to break down the barrier of fear that was around at the time. Today it is a group of people who share and connect online and off—a true community. Social media truly is borderless and classless.

### What has been your favourite project to work on?

There have been way too many to mention just one. Coming from the shop floor, the appreciation and satisfaction I received from customers and the way our every day good practices were received were my favourite times. Customers don't need to show their appreciation when someone is just doing their job, so when they do it is so rewarding.

Today, when I receive a call, an email or a post online about something I have shared or a seminar or workshop I have spoken at, I get the same sense of satisfaction and reward as I did back then. When a business owner tells me that they found a problem to a solution or were able to do something they thought impossible after we worked together, or that they learned something and their fear of it no longer exists, this makes me smile inside and out.

### The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?

This behaviour is here to stay. It will become more organic and part of our regular everyday behaviour. The technology will be created to suit this behaviour, rather than great technology that is looking for an audience or that requires training to use. We will learn to read data and make decisions that involve multiple platforms but that still remain customer-centric—the customer will be at the centre of it all. We are in a transition now, so we have to work out what old business activities and behaviours we need to hold onto, and what to let go.

## SUMMARY

1   Explain the concept of diffusion of innovations.

Diffusion of innovations is the set of theories and practices that explains how new technologies and ideas spread throughout society. Early models of the diffusion process labelled people who adopted at different times as innovators, early adopters, early majority, late majority and laggards. But those labels are rarely helpful for any communications strategy, so it is usually better to consider only two categories of adopters: innovators and early adopters, and the rest.

Whether a new product category succeeds or not, and the speed of adoption, are affected by potential adopters' perceptions of the category's properties, such as:

- a product's relative advantage over existing technology
- compatibility with current ways of doing things
- complexity or ease of use
- how easy it is to trial the new product, without having to commit
- how easy it is for people to observe how others succeed, or fail, with the new product.

2   Understand the social and behavioural influences on diffusion.

The diffusion process is essentially a social process. When one person communicates with other people, either directly or indirectly, so that they are more likely to trial a new technology, she is an opinion leader. Almost everyone is an opinion leader at some time. They are interested and more highly involved in the product category than others in their circle of friends, and so they have more information, and they share that information with others. Because opinion leaders are more informed and more highly involved, they also tend to be innovators and early adopters, but not always.

3   Understand how networks affect communications flows within a community.

In order to communicate with others, people need to be connected to each other. The pattern  of connections forms a network. The strength of linkages and the number of linkages within a network determine the speed of diffusion, and network effects can determine whether a person is obliged to change or to not change in order to maintain connections with others in the network. Because people who have similar interests and beliefs tend to group together—that is, they have strong ties—they can be isolated from other groups and isolated from new ideas and opportunities. For this reason, bridges between clusters in a network are very important to the diffusion process, even if those bridges are only weak ties.

4   Compare different approaches to modelling the diffusion process.

Diffusion can be modelled for better understanding of the process, and to forecast the adoption of similar products and ideas through a system. The Bass model is a mathematical approach to modelling and forecasting that allows the researcher to predict the peak in demand. Dynamic systems models identify key components and interactions within a

system, including feedback loops over time. Network models highlight the influence of linkages and different types of linkages in a diffusion process. Agent-based models add complex decision making and chance to the modelling environment.

## KEY TERMS

Adoption curve

Agent-based modelling

Aide

Centrality

Change agent

Compatibility

Complexity

Cumulative distribution

Diffusion of innovations

Modelling

Network effect

Observability

Opinion leader

Relative advantage

Small world network

Strong ties

Trialability

Weak ties

## END-OF-CHAPTER QUESTIONS

1  What is meant by the diffusion of innovations?

2  Explain what is meant by a density function and a cumulative density function.

3  How are people who adopt at different times within a community traditionally labelled? Why do we rarely use those traditional adopter category labels?

4  What are the characteristics of a product that affect the speed of diffusion?

5  What is a hierarchy of effects?

6  Explain the five stages of consumer decision making when considering adopting a new product. In your experience, do you go through all stages in the same order? In what circumstances would this happen?

7  What is the difference between an opinion leader and a change agent?

8  How can we describe the characteristics of the nodes in a network? How is this useful?

9  What is the purpose of a model? Describe the Bass model of the diffusion process.

10  How can we use network models to understand the diffusion process?

11  How can we use agent-based models to understand the diffusion process?

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# CONCLUSION

Peter Ling

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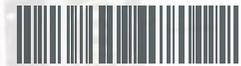
## LEARNING OBJECTIVES

After reading this chapter you should be able to:

1    discuss key themes from chapters on cultural effects
2    discuss key themes from chapters on interpersonal effects
3    discuss key themes from chapters on personal effects
4    discuss key themes from industry examples and cases
5    discuss key ideas from practitioner profiles
6    discuss insights from concluding thoughts on the book.

||||||||||||||||||||||||

## TRAM TRAVELLING IN MELBOURNE

Travelling by tram in Melbourne is a convenient way to get around the city. You can buy and top up your Myki card from 7-Eleven outlets or from selected tram stops. A single fare covers the whole day on weekends, with senior cardholders travelling free. There is also the daily free City Circle tram for tourists, although locals also jump on board. Tram travelling in the city business district and Docklands will be free from 2015.

Tram travelling is also a good way to observe consumer behaviour in different situations. It is common to see passengers engrossed in their iPod, iPhone, iPad, Galaxy, book tablet, novel or newspaper. International visitors and residents Skype on their smartphones in languages including Mandarin, Indonesian, Japanese, Korean, French, Italian, German, Swedish and English. Now and then, the tram driver announces places of interest, sometimes inaudibly or excitedly, annoying or amusing passengers. Some passengers say 'Thank you' to the driver when alighting.

Students in uniforms and casual wear sometimes chat loudly or review lesson notes. Young workers hang on to their coffee or juice cups to avoid spillage, sometimes unsuccessfully. Some passengers nibble on their sandwich or apple while looking at the scenery—people rushing to work, tourists asking for directions, cyclists who stop when the tram doors open—or advertising panels inside the tram. Other passengers expose their Louis Vuitton and Ray Ban logos or a bit more of their bodies.

Busy working women apply their makeup and change their casual footwear to high heels when they reach their destinations. Men in business suits rub shoulders with casually dressed workers and scruffy passengers. Mums with babies in prams and older passengers sometimes find it difficult to find seats at peak hours, unless some passengers give up their seats. Workers after office hours cling on to their shopping bags or flower bouquets. Fitness fanatics sometimes hop on board in sneakers, shorts and gym wear, even in winter.

Tram marshals sometimes come on board during non-peak times to check for fare evaders. Students and workers are booked on the spot, with fines of $275. Occasionally, some xenophobic passengers verbally and physically abuse people from other ethnic backgrounds, telling them to return to their homeland. Tram drivers then have to call the police while other passengers video the incidents on their smartphones and post the results online, resulting in social media and international news coverage.

Some passengers with extensive tattoos, body piercings and multi-dyed hair may occupy more than their share of the seats, with legs perched on opposite seats, ignoring the stares of other passengers. Now and then, a half-drunk passenger disturbs a female passenger and a man engages him in conversation to prevent further harassment. Then you have the occasional beggar who comes on the tram, but most people ignore him. Sometimes, tram drivers have to beep deviant drivers who cut into their paths. At other times, tram drivers have no choice but to wait while protesters of social causes block their way.

Tram travelling becomes more colourful during cultural events, when many consumers leave their cars at home. Footy fans from Victoria and interstate stand out from the crowd with their club scarves and jerseys. Melbourne Cup enthusiasts join the crowd in their

best suits or fancy hats; some women dump their damaged shoes into bins at tram stops. Christmas celebrators don Santa costumes and hop onto trams.

Tram travelling is a microcosm of Melbourne life. It's no wonder that the Economist Intelligence Unit Global Liveability Survey ranked Melbourne the world's most liveable city for the third year in 2013.[1] Figure 12.1 shows the latest Melbourne tram to make city travelling much more comfortable.



**FIGURE 12.1**
A new Melbourne tram

## INTRODUCTION

The vignette on tram travelling in Melbourne illustrates that consumer behaviour is diverse. The story reflects migration, acculturation, choices, preferences, brands, technology, reference groups, lifestyle, intercultural diversity, different values and habits, social class, needs and wants, innovation, learning, perception, self-image, decision making, attitudes, xenophobia, deviant behaviour and social media.

This concluding chapter reviews the eleven preceding chapters structured under the study framework of cultural, interpersonal and personal effects. As stated in Chapter 1, the three dimensions overlap each other with chapters organised for more effective learning of consumer behaviour. This chapter addresses the following questions: What are key themes from the chapters under the cultural, interpersonal and personal effects framework? What are key themes from industry examples and contributed cases? What are key ideas from the practitioner profiles? What are further insights into consumer behaviour? In addressing the questions, this chapter synthesises content in previous chapters and provides other perspectives.

## THEMES ON CULTURAL EFFECTS

This section reviews the chapters on introduction to consumer behaviour, culture and consumer behaviour, as well as social change and the diffusion of innovations, to examine key themes on cultural effects.

Discuss key themes from chapters on cultural effects.

### Chapter 1 Introduction to consumer behaviour

The key theme of Chapter 1 is that consumer behaviour is a situational phenomenon, with private, public and non-profit organisations constantly targeting us like joint military operations to win over our support for their goods, services and ideas.

There is a situational behaviour in what we do as consumers, just like a chameleon adapts to its surroundings. Sometimes, we buy, use and throw away goods and services. At other times, we may buy and use but not dispose of our purchases, such as an expensive watch. Also, we may buy and not use, such as a gift or columbarium niche for loved ones. We may prefer to touch and feel goods in shops, but may end up with some online purchases due to sales promotions, our knowledge of the product categories and our situational moods.[2]

While we may focus on our personal consumption (micro consumer behaviour), we sometimes also consider the impact of our purchases on society (macro behaviour). Hence, some of us are conscious of the 'Kleenex culture' of throwing rubbish that may accumulate in the oceans to destroy or harm marine life.

The interdisciplinary nature of consumer behaviour is also a situational phenomenon. At different stages in the history of consumer behaviour, we behave like forensics experts seeking answers from disciplines such as marketing, economics, psychology, sociology, anthropology, neuroscience and linguistics. Over the decades, consumer research has also been situational. Research is sometimes positivist, scientific and objective; sometimes interpretivist, constructivist and subjective; and sometimes both positivist and interpretivist. Often, researchers look backwards to the past to inform the present and the future.

The positivist process has influenced rational systematic decision making and buying process models. Contemporary practitioners, however, believe that consumers have a simpler process where they consider, evaluate, buy and decide to be loyal or not to the brand. While we sometimes stretch our decision-making process like a piece of elastic, we often act in a normal emotional and impulsive mode. Interpretivist researchers believe that many consumers receive a stimulus and respond spontaneously.

As part of the situational process, consumers take on different roles at various stages of their life cycle and lifestyle. You could be a student, sibling, cousin, volunteer and employee at a particular moment in time, but you could be a hobbyist and a home chef on another occasion. Again, you may have to adapt to situations because of your conflicting 'multi-headed' and 'mutable' consumer roles—sometimes in conflict, consensus, conformity and co-productive modes.

Just like a reality television show that could be good and bad, the situational decisions that we make in the short term and long term also impact on our lives. We can benefit from technology and cultural shows but we also can be victims of credit card debts, fraud, identity thefts, obesity, alcohol and drugs. Figure 12.2 depicts Microsoft's Super Bowl 2014 advertising on the empowering power of technology.



**FIGURE 12.2**
The empowering power of technology

## Chapter 2 Culture and consumer behaviour

Chapter 2 on culture highlights the evolving process of our learned social habits and values. Culture is like an abstract painting where various viewers would interpret differently in changing situations.

Culture evolves like our photo album collections during our life cycle. We learn new habits and values from socialisation, government, employment, media, technology, brands, travel and migration. The asymmetrical development of evolving technology has influenced social existence in many advanced countries, but has only minimal impact in less developed nations.[3] This means, for example, that while we are able to send electronic greeting cards, others in less developed nations may not be able to do so.

Culture is also like a long-running television show where we may like or dislike cast members, story lines and situations. We learn more about our culture (enculturation), new culture (acculturation), Coca-colonisation (Westernisation and Americanisation), glocalisation (global brands adapting to local culture), creolisation (integrating foreign culture into our daily lives until we sometimes become unaware of its origin), ethnocentrism (the belief that one's culture is superior to others) and xenophobia (a dislike of foreign cultures). The consumer culture theory is evident in the dynamic interplay between marketplace, cultural meanings and consumer behaviour.

Marketers often try to zoom in on our subcultures, just like some consumers do at a buffet dinner to have a smorgasbord of food. Marketers may focus on individual or combined

subculture variables of geography, ethnicity, language, gender, sexual orientation, age, marital status, education, occupation and religion.

Regionally, it is like having a fruit basket to further understand the diverse cultures in Australia, New Zealand and Asian countries. Each 'fruit' is distinctive but collectively there are common elements such as education, language, ethnicity and religion. There are cultural interactions regionally through education onshore and offshore, along with internships, study tours, tourism and overseas work.

Understanding culture is often achieved via ethnographic research, where researchers intensively immerse themselves with consumers in order to observe naturally occurring experiences, feelings and thoughts. Such research is like using a medical device in that it goes deep below the surface to uncover cultural habits, values, beliefs and rituals of consumers. Figure 12.3 shows an Old El Paso advertisement on the culture of eating tacos.

**FIGURE 12.3**
The culture of eating tacos



## Chapter 11 Social change and the diffusion of innovations

Chapter 11 highlights the social process of spreading new technology and ideas. Social change takes place through the cumulative impact of multiple forces in society, with the network effects increasing our new product knowledge and triggering behavioural interest to adopt a new product.

Often, the social process starts with the manufacturer announcing the forthcoming launch of a new product or variant. Apple introduces its new product developments at a yearly conference and has also run pre-launch advertising campaigns in 2007 and 2010 during the Academy Awards for its iPhone and iPad products, respectively[4] (see Figure 12.4).

The news media then pick up the story about the value of the innovation and spread information to retailers, talk show hosts, celebrities, bloggers, reviewers, brand communities, social media, consumer panels, opinion leaders and word-of-mouth (WOM) influencers. The retailer in turn wins over its salespeople long before the first mass integrated campaign begins.
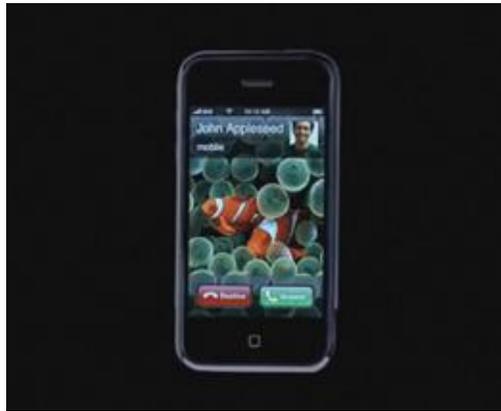
**FIGURE 12.4**
Apple iPhone 'Hello' advertisement at the 2007 Oscars

Some brands benefit from this **spiral effect** of the social diffusion process for innovation. Over different periods, there were 600,000 pre-orders for iPhone 4, one million pre-orders for iPhone 4S and two million pre-orders for iPhone 5.[5] The new iPhone 6 had nearly five million pre-orders in the week ahead of launch, and reports show that pre-orders from China were twenty million in the days after pre-orders were announced.[6]

The queues of brand fans excitedly becoming the first buyers of a new iPhone generates further news coverage. The signatures 'Sent from my iPhone' or 'Sent from my iPad' make the new innovation even more visible, and continue the network process of spreading the message to influence adoption of the product. You may have 'weak ties' to these influential groups, but they nonetheless exert strong influence on your views. The network of social interactions creates **social bubbles** of massive support, proliferation, acceleration and saturation of the innovation.[7]

However, not everyone becomes an innovator and early adopter of a new product. Despite even WOM from known and trusted sources, some consumers will be laggards. Again, it is a situational phenomenon. A fashion fan could be an innovator with the latest season styles but could be a laggard with technology. Hence, there is nothing wrong being a laggard for one product category or preferring to be a laggard across all product categories.

There could be **cultural socialisation** reasons for not being willing to adopt new technology. Using a desktop computer as an example, you might have a wait-and-see attitude in anticipation of reduced pricing and better features for the next version; prefer the comfort zone of an old and trusted product; be too busy with other priorities to be hassled about new technology terms, keyboard functions, operating system and software; believe it is not compatible with your lifestyle or needs; or be cynical about the manufacturer-influenced bias of early reviews.

Most of the time, associative and aspirational reference groups influence the adoption process. For example, you may comply with your group's preference for a certain brand and service provider, and so decide not to buy a new innovation. Conversely, you may wish to keep up with aspirational groups and therefore buy the new product to be with the 'in' crowd.

**spiral effect**
A widening movement that helps with innovation diffusion in society

**social bubbles**
Networks of social interactions that lead to widespread support for an innovation

**cultural socialisation**
The continuous process of learning and disseminating cultural habits and values

The diffusion of innovation is again a situational phenomenon. The same product may be adopted more in some countries that are more technologically progressive, more economically developed and more educationally advantaged. Some countries may not have the strength and number of network linkages to spread the innovation message virally to influence adoption. Another country may be an innovation laggard, but a small change one day by an entrepreneurial app inventor could lead to the 'butterfly effect' of widespread adoption by all schools in the country.

This section synthesised the three chapters of introduction, culture and innovation diffusion under the cultural effects dimension of the book's framework. Situational behaviour is the emerging core theme. On various occasions, we respond differently to the private, public or non-profit sector; micro or macro consumer behaviour issues; positivist or interpretivist research; models of deciding and buying; diverse roles and expectations; cultural, technological and globalisation influences; and the multistage social process of innovation diffusion.

## SAMSUNG AND APPLE BATTLE FOR SMARTPHONE LEADERSHIP

CONSUMER BEHAVIOUR IN ACTION

Samsung means 'three stars' in Korean. It started in 1938 in Daegu as a trade export business selling dried fish, fruit and vegetables to Beijing and Manchuria. The business expanded to confectionery machines, flour mills, petrochemical industries and home electronics.

Samsung Electronics started exporting in the 1970s. Its vision in the mid-1990s was to be known for world-class products and to be a leader in digital and network technologies. It developed a wireless smartphone in 1999, was the official mobile phone of the Sydney 2000 Olympic Games, sold more than 20 million mobile phones in the USA in 2004, launched the world's first 7-mega-pixel camera phone in 2005 and became the number-one mobile phone in the USA in 2008.[8]

Apple started as a computer company in 1976 in the USA. Following the success of its Mac personal computers, it became more popular with the mass market after it launched the iPod in 2001, iTunes store in 2003, iPhone in 2007 and iPad in 2010.[9]

With a head-start in the smartphone category, Samsung is the smartphone global market leader based on shipments in 2013. It had nearly 320 million units compared with 153 million by Apple, putting the market shares at 32.3 per cent and 15.5 per cent, respectively.[10] However, Apple is the market leader in smartphone sales in the USA, with 42 per cent share versus 26 per cent share for Samsung. The other minor players in the US smartphone market are Motorola, LG, HTC and BlackBerry.[11]

While Samsung is ahead of Apple in worldwide units, a 2014 report indicated that consumers in emerging markets desire the Apple brand more. However, the **halo effect** of Apple does not translate to sales, as the iPhone 5c is too expensive for consumers in developing countries. Samsung is priced more affordably for such markets.[12]

Samsung is investing US$14 billion in advertising and marketing to make its innovative brand aspirational. Apple spends only US$1 billion on advertising, but is still the most valued brand.[13] At the 2014 Oscars event, Ellen DeGeneres used a Samsung Galaxy smartphone
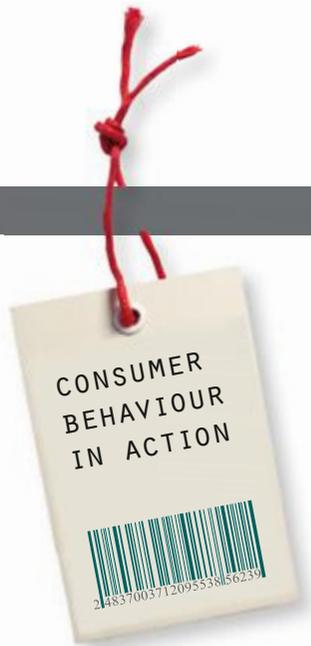
to take a group picture that broke Twitter records, but it was reported that she used her iPhone backstage.[14] Old habits still die hard for some consumers, but Samsung is trying to change behaviour with its advertising campaign 'Amazing things happen', which features the smartphone, watch phone and tablet (see Figure 12.5).



**FIGURE 12.5**
Samsung: 'amazing things happen'

## THEMES ON INTERPERSONAL EFFECTS

This section reviews the chapters on social class and reference groups to examine key themes under the interpersonal effects dimension.

### Chapter 3 Social class and consumer behaviour

The key theme for social class is diversity. There are many manifestations of social class, categories, variables, measurements, symbols and marketing strategies.

Social class is like the emblem of your school or club jersey. It describes your social standing based on diverse socioeconomic factors. There are many social class categories from the World Bank and other organisations, but common classifications are higher class, middle class and lower class. The middle class is likely to be the dominant segment in coming years; however, the lower class also wants not just low-cost domestic brands but also competitively priced quality foreign brands. One research reported that retailer **house brands** compete with manufacturer brands for limited shelf space to attract consumers.[15]

There is a kaleidoscope of changing and interacting social class variables, such as lineage, education, techno-literacy, occupation, income, wealth, residence and lifestyle. The challenge for marketers is to target ascribed or achieved status, prestigious school zones or expensive suburbs, entrepreneurs or bogans, the culturally or economically rich, and so on.

Measuring social class is also diverse, although it is either objective, subjective or a combination of both methods. Scales, ladder techniques and perceptions are used to measure social class variables such as income, occupation, education and residence. Marketers then decide whether to segment by specific or mixed variables to reach out to

Discuss key themes from chapters on interpersonal effects.

**house brands**
These are brands of the 'house' or retailer compared to manufacturers' brands. House brands are also known as home, store, generic or private label brands

consumers. Social class symbols are extremely diverse and vary from country to country. Symbols could be the skin colour, the maid in the home, overseas travel, expensive and unique purchases or visible brand logos.

Again, there is diversity in marketing approaches to address social class manifestations. Marketers fight producers of fake premium products, introduce masstige brand extensions, launch upmarket brands, collaborate with prestigious companies and tap into changing trends. Now that Prince Harry has bought himself an Audi car,[16] would other young men follow his example? Figure 12.6 shows an Audi prestigious car commercial targeting a younger group.

**FIGURE 12.6**
Audi prestigious car commercial



## Chapter 4 Reference groups and consumer behaviour

The key theme from this chapter is also diversity. There are interactions with associative, aspirational or dissociative reference groups.

A reference group influences your membership, brand meaning, role, experiences, interests, opinions, standards, values, attitude and behaviour. A reference group can influence with information, utilitarian advice or identity values. Associative reference groups are your family, friends and social groups that you directly interact with or buzz around. You could interact with brand communities and social media groups, consumer action groups, and editorial content; and be part of the WOM process. Security and trust are important attributes when associating with corporate websites.[17]

Aspirational reference groups are those that you aspire to, hoping for some of their 'fragrance' to rub off on you. These groups can be politicians, news media personalities, opinion leaders and celebrities. Some excited fans will always turn up at public appearances by celebrities, hoping to get an autograph and capture the moment on a smartphone. There is the downside of the vampire effect in celebrity endorsements, where celebrities are remembered rather than the brand.

Dissociative reference groups are those that you would normally not like to associate with, such as the 'bad apples' in society, wrong celebrity role models, 'evil companies'

and misleading advertising. Some advertising encourages you to dissociate with certain behaviours, such as drug addiction. However, there is the 'one person's meat is another person's poison' phenomenon, where some people may associate with a reference group such as 'bad boys' but other people would dissociate from this segment.

Summarising this section on the interpersonal effects of consumer behaviour, diversity is the key theme of the chapters on social class and reference groups. There is diversity in reference groups, social class, categories, variables, measurements, symbols and marketing strategies. Metaphorically, 'birds of a feather flock together'; hence, consumers tend to interact with people in the same social class and associative or aspirational reference groups. Figure 12.7 shows Sony's smartphone appealing to youth reference groups.



**FIGURE 12.7**
Sony smartphone targeting youths

## THEMES ON PERSONAL EFFECTS

This section reviews the chapters on needs and motivations, personality and self-concept, consumer perception, learning and consumer involvement, consumer attitudes, and decision-making and consumption experiences to examine key themes under the personal effects dimension.

Discuss key themes from chapters on personal effects.

### Chapter 5 Needs, motivations and consumer behaviour

The theme from this chapter is that consumers are motivated by interrelated mental, emotional, physical and spiritual (MEPS) needs.

Consumers need to live, learn, love and leave a legacy in various ways. Needs are essential just like the air we must have, while wants are optional wishes to fulfil the needs. For example, your need for food may lead you to want meat, vegetarian or organic food.

Many theories on needs could be mapped into the MEPS framework, with most connected to mental, emotional and physical needs. Murray theorised about primary (physical) and

secondary (mental) needs. McClelland's trio of needs theory is on affiliation, achievement and power. McGuire's theory is on four categories of cognitive, affective, preservation and growth motives. Deci and Ryan distinguished intrinsic motivations (inwardly driven) and extrinsic motivations (externally triggered).

Maslow's hierarchy of needs theory has been inaccurately described as a rigid series of levels: physiological, safety, belonging and love, esteem and self-actualisation. The truth is that Maslow had explained that people in different situations may focus on a certain level for a long time, that there is no 100 per cent satisfaction at each level, and that there are overlapping needs.

Researchers probe the consumer subconscious through motivational research to reveal inner consumer drives. While Dichter popularised motivational research, Rapaille with his culture codes and Zaltman with his metaphor elicitation techniques are contemporary advocates of projective techniques, which include pictures, cartoons, drawings, words, personification and guided imagery.

Marketers use rational and emotional advertising appeals to engage consumers and communicate their messages. Rational appeals are economy, convenience, dependability and efficiency. Most supermarket advertisements are rational in nature, focusing on discounts and size offers. Some emotional appeals are the use of sex, love, humour, music, entertainment, self-esteem, achievement and fear. Emotional appeals engage consumers more effectively to attract attention to the rational message. For example, a Jeep commercial showed a woman interacting with her partner and confidently telling him that she bought a Jeep, much to the surprise of the partner (see Figure 12.8).

**FIGURE 12.8**
'I bought a Jeep'



## Chapter 6 Consumer personality and self-concept

The theme from this chapter is that personality and self-concept often guide overall behaviour. Personality is a person's distinctive psychological character, while self-concept is the self-image of the person.

Personality change could be influenced by one's life cycle and events in life. A person could change from an exuberant personality to a withdrawn personality after a series of face-to-face bullying and cyber-bullying incidents. Birth year, upbringing, education and

social circles can turn out two siblings with quite different personalities; for example, one outgoing and the other reserved.

Reality television shows such as *My Kitchen Rules* and *The Apprentice* reveal the personalities of different participants. Some are always cheerful, fun, chatty, positive, polite and helpful, while others are depressed, boring, taciturn, negative, rude and uncooperative.

Advertising appeals reflect most of the positive personalities that consumers could identify with or aspire to. A woman may be portrayed as sexy, mysterious, gregarious, sociable, fun, cheeky or harassed (and then becoming confident). A man could be shown as gentlemanly, courteous, smiling, charming or boisterous. One Alfa Romeo commercial shows a feisty young woman aggressively scolding her defensive partner and then changing to a loving and cheerful personality when she finds out that he has bought her an Alfa Romeo. RACV roadside assistance advertising shows its customers as relaxed and confident while Allianz insurance advertising projects worried customers who require solutions. A Maybelline commercial shows a young Melbourne street photographer as friendly, smiling, relaxed and confident (see Figure 12.9).

The mixed and changing personalities reinforce the different theories on personality. Freud's id is passionate and instinctive, the ego is responsible and the superego is moral. Neo-Freudians believe in compliant, aggressive and detached personalities—the CAD theory of personality. The big five theory focuses on neuroticism, extroversion, openness to experience, agreeableness and conscientiousness.

Sometimes we are inspired by stories of 'disadvantaged' people who have healthy self-concept. Twin sisters Abby and Brittany Hensel, who have two heads sharing one body, go about their daily lives confidently, positively and proactively. Nick Vujicic, who was born without limbs, is always smiling, cheerful and positive, and has worked as a motivational speaker in many countries. Lizzie Velasquez, dubbed the ugliest woman in the world, generously forgives her tormentors and speaks about positive living. Our self-concept may be less positive but these inspiring people may trigger in us an ideal self-concept of being more confident and charitable.



**FIGURE 12.9**
Maybelline's Melbourne street photography

## Chapter 7 Consumer perception

The theme from this chapter is that information processing and consumer perception are a central part of communicating to consumers.

Perception is our approximate mental picture of the world. We receive physical stimuli in various forms, encode these sensations and integrate them into our memory. There is an absolute threshold where we notice stimuli or we may just require a certain amount of stimulus to form a perception. When Dick Smith Foods launched a Temptin' chocolate biscuit brand that was perceived to be similar to Arnott's Tim Tam brand, Arnott's took legal action but this was settled out of court.[18]

Due to varying amounts of stimuli received, including subliminal stimulus, we may 'judge a book by its cover'—where we form impressions based on outward appearances and the **halo effect** (for example, your good perception of a brand may rub off on brand or line extensions of the brand). We may perceive that women with makeup are more attractive and competent.[19] Some people may also have the stereotypical perception that black athletes are better at sports.[20]

Technology has also influenced our perception of beauty, with social and online media bombarding us with images of celebrity beauty.[21] *Huffington Post* published a series of articles on our perception of beauty, such as physical beauty, realistic beauty and the pursuit of multiple surgeries for beauty.[22] Over the last 10 years, the Dove brand has campaigned to widen consumers' perception of beauty.[23]

What is your perception of the Sony Bravia television? You may perceive it as 'colour like no other' after seeing the award-winning 'balls' commercial where thousands of coloured balls were used in producing the advertisement (see Figure 12.10).

**halo effect**

A cognitive bias whereby the perception of a particular trait, or cue, is influenced by the perception of the former traits in a sequence of interpretation; also a situation where positive impression of a brand rubs off onto other activities of the brand



**FIGURE 12.10**
Sony Bravia's coloured balls

## Chapter 8 Learning and consumer involvement

The theme from this chapter is that learning is one of the most common types of consumer behaviour.

Consumers learn affectively, cognitively, physically and symbolically. You may have read about young children being mesmerised by the achievements of their athletic role models, whether in cricket, football, golf, swimming or tennis. The young enthusiasts then decide to pick up the sport of their heroes and go through a learning process: rules, techniques, constant practice under a coach and individually to build muscle memory so that the physical movements become automatic; visualising methods for positive associations; and understanding the symbolic meaning of logos, colours (for example, why white is worn at Wimbledon) and gestures (for example, hand signals in cricket). The young athletes then become so motivated and involved that they look for detailed information (central route to persuasion) and visual cues (peripheral route to persuasion) that trigger their behavioural response and reinforcement towards the sport. The information and visual cues can include stories about their heroes; videos of their achievements; photographs, posters, advertisements, sales promotions, Tweets and Instagrams featuring their heroes; hairstyles, clothing and brands of their heroes; playing, coaching or social appearance schedules of their heroes; and injuries or awards of their heroes.

Through the process of learning, our young athletes would have gone through classical conditioning (outcome association), instrumental conditioning (positive or negative consequences), cognitive learning (problem solving) and modelling (observing others). Such a learning process aids memory via rehearsing or visualising information to store in the mind, encoding information by associating with related and meaningful cues, and activating memories through a schema of interconnected links.

Ultimately, the young athletes associate certain habits or patterns with their heroes; for example, red for Tiger Woods, a handlebar moustache for cricketer Mitchell Johnson, frequent texting for cricketer Shane Warne, an effective free-kick technique for footballer Cristiano Ronaldo and a 'C'mon' cry for tennis star Lleyton Hewitt (see Figure 12.11 on Hewitt's C'mon fashion label).



**FIGURE 12.11**
Lleyton Hewitt's c'mon cry inspired his fashion label

## Chapter 9 Consumer attitudes and attitude change

The theme from this chapter is that consumer attitude formation is a complex process of perceptions, consequences and experiences.

Attitude is an affective and cognitive predisposition towards a brand, idea, person, place or thing. Attitude has four functions: the knowledge function that gives meaning to frames of reference, standards and stereotypes; the utilitarian function that avoids punishment and gains rewards; the ego-defensive function to defend one's self-image; and the value-expressive function where we express our self-identity and core values.

Attitude is formed over the years through a mixed process of stimulus conditioning, reward or punishment conditioning, observational learning and informal learning through advertising and various news or social media. We may be predisposed to think, feel and do; feel, think and do; do, think and feel; or do, feel and think. Hence, we may change our predisposition towards a brand when it adds a new attribute or reduces an attribute. For example, we may be more predisposed to eat at McDonald's after its introduction of salads and McCafé, or eat more potato chips with the reduction in the fat or salt content. Or we may be predisposed to buying plastic gift cards or the increasingly popular digital gift cards from retailers, banks and credit card companies.[24]

The theory of planned behaviour suggests that you may have a positive attitude towards a brand but yet do not buy it for various reasons, such as lifestyle readiness, economic situation, alternative options, reference groups and personal values. You may have a positive attitude towards Alfa Romeo after seeing its advertising 'It's not a car, it's an Alfa Romeo'; towards the Jeep brand after seeing its advertisement 'Harry's mum bought a Jeep'; and towards AAMI after seeing its love stories between Rhonda and Ketut (see the Consumer behaviour in action box). Yet you still may not buy the brands for various reasons: because of your commitments elsewhere, your dad works for a different brand, your friends joke about the compatibility of the brands with your self-image and many other factors. Further, when you are ready to make a purchase at some later point, you may not remember the brands unless they communicate with you regularly through diverse media.

**CONSUMER BEHAVIOUR IN ACTION**

## LOVE STORIES AND CAR INSURANCE

AAMI wanted to convey its 'safe driver rewards' of 15 per cent discount on its car insurance policy. Badjar Ogilvy in Melbourne created the advertising idea that good drivers deserve attention and communicated it through several commercials.[25] The first commercial shows a character called Rhonda on her first trip to Bali being massaged by a woman who recognises her as Rhonda 'the beautiful driver'.

The second commercial features a sunburnt Rhonda holidaying in Bali, where Ketut the waiter serves her a drink. Ketut flirts with Rhonda with comments such as 'You look so hot

today, Rhonda, like a sunrise' and 'Eyes on the road, Rhonda'. Rhonda's gushing at Ketut's words and wink led to 52,000 'Likes' on Facebook within 48 hours, including T-shirts sold in Bali with words such as 'I love Rhonda' and 'Rhonda is mine'.[26]

The third commercial shows Rhonda back home in Australia as a passenger in her friend's car. Her friend asks whether there were any romances and whether she got lucky. Rhonda dreamily recalls her meeting with Ketut, who served her a 'Flaming Rhonda' drink, and she responded, 'Kiss me, Ketut'. Suddenly the car is rear-ended by a truck. Outside the car, her friend comments that something must have happened in Bali. Rhonda simply smiles secretively.

The fourth commercial shows Rhonda at her high school reunion, being swept off her feet by Trent Toogood, possibly suggesting he is her new romantic focus. Friends who did not see Ketut, nicknamed 'Mr Sunrise', commented 'maybe he's kaput'. Ketut arrives later with a bouquet of flowers but the ballroom is empty. For this part of the campaign, Ogilvy also used social media and outdoor and radio advertising,[27] asking the public to decide whether they were part of Team Ketut or Team Trent.[28]

The final commercial in 2014 shows Ketut in the same ballroom picking up Rhonda's leg bracelet. Rhonda rushes in, and seeing Ketut with her leg bracelet says that she lost it between 'Thriller' and 'Gangnam Style'. Ketut says that he felt lost until he found her. He kneels down, puts the bracelet on her right ankle and expresses his love for Rhonda. In her Australian-accented Indonesian, Rhonda says 'I love you, too'. The scene ends with Rhonda and Ketut dancing, while Trent dances with Rhonda's friend.[29] Figure 12.12 shows one of the AAMI commercials.



**FIGURE 12.12**
AAMI's Rhonda and Ketut

## Chapter 10 Decision making and consumption experiences

The theme from the chapter is that decision making is a process of need recognition, information gathering and decision.

Dewey's classical model of decision making covered the problem-solving steps of defining the problem, identifying solution criteria, generating potential solutions, selecting the best solution and implementing the solution. In consumer decision making, the often-cited process is problem recognition, information search, alternative evaluation, purchase decision and post-purchase behaviour.

The problem recognition stage is often influenced by diverse factors, such as culture, reference groups, situations, internal and external stimuli, and the gap between desired and actual states. In the information search stage, there is an internal search into memory as well as external search of personal or public sources. The desire for more or less information is influenced by personality, goods or services category, the reason for purchase and the risk context.

Several factors also influence the alternative evaluation stage, such as personal mental shortcuts, emotions, attitudes, values, product attributes, brand familiarity and brand preferences. There are personal stories of consumers who are so culturally socialised with a petrol brand (only Shell is good for a certain car brand) that they would bypass a Caltex station even when the petrol gauge is near empty.

The purchase decision stage includes what, where, when and how to buy. High-cost and high-risk purchases tend to be more complex, with instalment payments and interest rates as variables. Some stores have the 'lay by' culture where consumers possess the product after final instalment payment (see the Consumer behaviour in action box).

The post-purchase stage sees the effect of cognitive dissonance or the post-purchase syndrome of regrets or reinforcement. If you regret a purchase for various reasons and the store has a 'no returns' policy, you may decrease the importance of the purchase or justify its purchase by reading more about the product. If the store has a flexible return policy within a certain period, you may join queues of consumers returning Christmas purchases after the festive season! Some tourists are known to have joked about not buying underwear in Australia because of the return policy!

As mentioned in Chapter 1, there is the situational element that may influence consumers to skip the five stages of the decision-making process. It all depends on the purchase category, the importance of the purchase, and the lifestyle, previous experience, reference groups and personality of the consumer. You may be involved in extensive, limited or routine problem solving, depending on the situation. Again, depending on circumstances, you could engage fully or partially in the group decision-making process of initiator, information gatherer/gatekeeper, influencer, decision-maker, purchaser and user. For example, your family may quickly decide to visit Tasmania after seeing a *Spirit of Tasmania* advertisement (see Figure 12.13).

Marketers attempt to measure factors in consumer decision making through semantic differential scales of cognition and affect; brain scanning technology; and means-end

**FIGURE 12.13**
*Spirit of Tasmania*

chain analysis where the 'end' outcome determines the 'means' to achieve it. The laddering technique is used to determine this means-end chain of personal values, psychological effects, functional consequences and relevant product attributes.

Summarising this section on the personal effects of the consumer behaviour framework, the various concepts are interrelated. We have inherent basic needs to live, learn, love and leave a legacy. We learn from a very young age to adulthood through observing, outcome association, and positive and negative consequences, as well as problem solving. We learn to express needs into diverse desires or wants. We learn from personal and public sources to form attitudes, develop our personality and self-concept, perceive different things and decide spontaneously or systematically depending on our situation.

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## BUYING ON LAY-BY

A lay-by agreement allows a consumer to buy on instalment and then receive the product after final payment. The Australian Competition and Consumer Commission indicates that a consumer could cancel the agreement before receiving the product and regain the deposit plus payments made. A business could only cancel the agreement when the consumer defaults on payment, when the business is no longer trading and when the product is not available due to uncontrollable circumstances.[30]

Big W has an online lay-by service where consumers search for what they wish to buy; pick a payment plan; pay a 10 per cent deposit and then a weekly, fortnightly or monthly instalment over eight weeks via credit or debit card; receive email status of payments; and then have the product delivered to them, with delivery charges applied.[31]

The Toys'R'Us store has a lay-by service for consumers who wish to buy a nursery or any transaction of $200. The store works with a third-party company, Certegy. The purchase conditions include administration and service fees, a minimum 10 per cent deposit, fortnightly or weekly payments online or in the store, and payment plans over eight to 24 weeks. The store has the right to cancel the lay-by after 21 days if payments are in arrears, or if the lay-by is not collected by the due date.[32]

**FIGURE 12.14**
Toys'R'Us lay-by
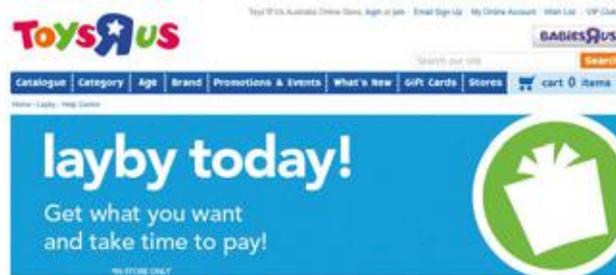


Discuss key themes from industry examples and cases.

## THEMES FROM EXAMPLES AND CASES

This book has provided diverse 'Consumer behaviour in action' boxes, industry examples and contributed cases to help you connect theories and research to practice. This section highlights key themes from these practical examples and cases.

### Industry examples

The book has included many industry examples across the private, public and non-profit sectors, such as AAMI insurance, American Cancer Society, Apple Mac, Australian Football League, Axe body spray, Bonds, Burberry, Chanel, Cartier, Got Milk, Heinz Watties, hair loss, Hermes, HSBC, Jamie Oliver, Kleenex, KFC, Lance Armstrong, lay-by culture, L'Oreal,

Mission Australia, Muslim culture, Nielsen, online dating, Samsung and Apple, Subway, Tata Nano, Tough Mudder, Traffic Accident Commission and Volunteering Australia. The themes from the industry examples are research, perception, acculturation, segmentation, collaboration, interconnected needs and non-commercial needs.

- *Research* is a basic ingredient in industry practice. The Transport Accident Commission in Victoria produced research evidence that a difference in speed of just 5 kilometres per hour makes a significant impact on accidents. The American Cancer Society found that birthday association was an effective emotional way to connect with consumers. Burberry discovered that 'chavs' were downgrading what was once a premium brand.

- *Perception* affects consumers' attitudes and behaviours towards brands. Consumers perceived Kleenex as an unengaged brand, milk as boring and domesticated, Tata Nano as cheap and unreliable, Apple as more innovative than Samsung, and celebrities as either positive or negative role models. Burberry had to reassociate with celebrities to enhance its brand perception.

- *Acculturation* is essential for global marketers. HSBC learned about its diverse consumer cultures, KFC China decided to vary its spiciness levels by geographical location in China, and Meat and Livestock Australia added an Australian Halal Marketing Brand logo on its publicity materials to highlight that its red meat is 'Guaranteed Halal' (that is, appropriately prepared according to acceptable Muslim rituals).

- *Segmentation* is a strategic marketing decision that helps marketing focus. Watties New Zealand engaged reference groups, Tata Nano switched scooter owners to its cheapest car brand, Apple marketed to personal computer users through its 'Get a Mac' campaigns, Hermes targeted the massive China market with a luxury brand Shang Xia to appeal to the middle class and Burberry repositioned itself to appeal to the Millennial digital generation.

- *Collaboration* is also a strategic marketing decision. KFC collaborated with Chinese partners; the California Milk Processor Board teamed up with biscuit, banana and dairy organisations; Toys'R'Us partnered with Certegy for its lay-by service and Volunteering Australia attracted 4000 organisations providing 11,000 volunteering opportunities.

- *Interconnected needs* seem to be successful strategies to gain loyalty. Tough Mudder appeals to physical, mental and spiritual needs. Hair loss is a physical problem but is linked to emotional and mental needs. Jamie Oliver is not simply fulfilling physical needs but also mental needs to learn recipes and emotional needs to be better chefs to prepare healthy meals for families or friends. Subway food appeals to your physical need to eat healthily and your emotional need to feel good. Footy clubs appeal to physical and emotional needs, with fans going footy crazy between March and September yearly. AAMI appeals to physical and emotional needs and our love for romantic stories.

- *Non-commercial needs* are also effective marketing strategies. Chanel ran its Culture Chanel exhibitions in China with low entry fee that enabled many Chinese to attend, resulting in thousands of micro blogs and social media discussions that further

enhanced the image of the Chanel brand. Cartier started its Women's Initiative Awards, a business plan competition to encourage start-up entrepreneurial projects that have strong growth potential and social impact. L'Oreal has run its competition for undergraduate students for over a decade and has several corporate social responsibility initiatives (see the Consumer behaviour in action box later in the chapter). Mission Australia enabled Australians to find pathways to a better life, with campaigns targeting ex-prisoners, homeless people and drug and alcohol victims.

## Cases

The cases in this book also span various categories, such as George Weston Foods (Abbott's Village Bakery), Dove beauty, Cricket Australia, Dnet Info-ladies, the Heart Foundation, Kia, Lipton, McDonald's, Nike, book publishing, Ritz-Carlton Millenia Singapore, Target department stores and tempeh chips from Indonesia. The contributed cases have been analysed through a variation of the positivist decision-making model, covering problem recognition, information search, alternative evaluation, choice and outcome evaluation.

### Problem recognition

Target, Ritz-Carlton Millenia Singapore, Cricket Australia, Nike, DNet, the Heart Foundation and George Weston Foods recognised a problem that needed a solution. Target experienced declining sales. Ritz-Carlton and Cricket Australia were concerned about broadening the audience segment without cannibalising existing customers, with Cricket Australia also concerned about declining television audiences and game attendances. Nike's competitor Asics was winning in perception as the running specialist and in female shoe sales. DNet saw the 'digital divide' that was disadvantaging rural communities in Bangladesh. The Heart Foundation was worried about overweight and obesity among Australians. Weston Foods needed to enter the premium bread segment dominated by Helga's.

### Information search

As in the industry examples, research is essential for effective marketing strategies. McDonald's learned foreign cultures (acculturation). Ritz-Carlton sought the views of its key customers. Dove discovered that consumers had a limited perception of beauty. Cricket Australia found that young fans perceived test cricket as boring and traditional compared with more exciting sports. Nike gained insights into women runners, especially their fear of running alone at night and their need for a forum to communicate with fellow runners. The Heart Foundation acknowledged that consumers could not tell facts from fiction because of conflicting information from marketers. George Weston Foods researched quantitatively and qualitatively to position the new bread brand and to gauge consumer feedback. Makers of tempeh chips discovered that youths and older adults liked to consume healthy soybean-based snacks.

## Alternative evaluation

Cricket Australia evaluated Twenty20 cricket against test and one-day cricket. McDonald's evaluated whether to include the pig toy in its 2010 zodiac promotion, since its Muslim consumers do not consume pork, or replace it with the Cupid symbol, since Chinese New Year then coincided with Valentine's Day. The book publishing industry evaluated the sales potential of print books, e-books, self-published books and reader-created content. George Weston Foods evaluated six advertising concepts to determine which struck an emotional chord.

## Choice

McDonald's made many decisions on choice: its entry into China, its menu in India, the Prosperity Burger in Asia, McCafé's expansion from Melbourne, branding itself as Macca's in Australia and cultural promotions in Asia. Ritz-Carlton and Cricket Australia chose to have a dual-segment strategy. Ritz-Carlton in Singapore also leveraged the halo effect of The Ritz Paris and The Carlton in London. Cricket Australia decided not to have animal-related branding and traditional team colours but rather to have a mix of team reference groups such as young, experienced and overseas players. Target chose to associate with French chic through its partnership with international fashion icon Gok Wan and the play on the word 'Tar-zhay'. Dove broadened the beauty concept to appeal to different segments, from young girls to women of all shapes and sizes to older women. Nike chose to have both a digital community of like-minded passionate runners and a physical community of women night runners, with visibility also created through Nike ambassadors, clubs, societies, sporting groups, a special running app and a collaboration with *Cosmopolitan* magazine.

Kia, sponsor of the Australian Open in Melbourne, chose to engage its fans through numerous 'touch points', such as a 'Kia Big Shot' game competition and a 'Kia Tie-break' competition for fans to guess expected winners among tennis players. Kia also collaborated with the Aussie Word blogger, mum bloggers, Instagram super users and production firms to create a live second screen at Federation Square. The Heart Foundation enlisted highly networked mums as WOM influencers and ultra-large social networks that organised big community events. Lipton associated with reference groups from its earlier history to the current era, and from sports competitors to celebrities. George Weston Foods chose the concept of Abbott's Village Bakery as consumers associated it with Australian and English countryside. Tempeh makers decided to commercialise an indigenous traditional food through varieties of shapes, sizes, thickness and flavours; and through modern packaging, national distribution and competitive pricing.

## Outcome evaluation

McDonald's Melbourne-created McCafé concept has expanded nationally and globally. Its Prosperity Burger has extended from Malaysia to Chinese consumers in Asia. Its non-beef and non-pork menu in India and the branding of its product offerings, such as Chicken

Maharaja, have won the patronage of consumers. However, it appeared to have made the wrong decision to replace the pig toy with the Cupid symbol, resulting in massive consumer protests from Chinese consumers whose culture is about the twelve zodiac animals. Abbott's Village Bakery sales exceeded expectations, with business coming from Helga's, new buyers and repeat purchases. The Heart Foundation announced that more children were getting active and more mums were choosing Heart Foundation Tick goods such as reduced fat dairy.

The Nike 'She runs the night' event resulted in a community of over 54,000 female runners and Nike-managed clubs that run weekly. Cricket Australia has gained a dramatic increase in game attendances and television broadcasts. Kia achieved 28 million impressions across social channels and 100,000 participants for its two competitions. Dnet is slowly narrowing the digital divide through its ICT-trained Info-ladies, who cycle to rural communities to offer telecommunication services such as instant messenger international calls, Skype video calls, internet surfing, photography for weddings, and video and animation documentaries on health, education and farming advice (see Figure 12.15).

**FIGURE 12.15**
Info-ladies in
Bangladesh



In summary, this section has synthesised integrated strategies from the industry examples and contributed cases. The themes from the industry examples are research, perception, acculturation, segmentation, collaboration, interconnected needs and non-commercial needs. Marketers identify key problems, research information sources, evaluate alternative solutions, decide the most viable solutions and review outcomes. Integrated solutions could also be leveraging the halo effect, the right emotional appeals and the most influential social networks to spread the message. Outcome review through further information search and evaluation could determine the gaps between marketing

expectations and actual performances, leading to new solution options and decisions to engage consumers constantly.

# IDEAS FROM PRACTITIONERS

The twelve practitioners selected for this book are from different sectors and are at different stages in their career cycle. They are from strategic planning, research, advertising agencies, data-driven marketing, retail marketing, retail consulting, experiential marketing, brand management, talent search, marketing consultancies and media agencies. They shared their perspectives on their education, experiences, tough decisions, favourite projects, social media usage, consumer insights, their future outlook and advice to students.

Discuss key ideas from practitioner profiles.

## Education

The practitioners were consumers of educational services. They studied business, commerce, marketing, communication studies, company directing, psychology, politics, philosophy and law. Six practitioners as students gained industry experience that helped to kick-start their careers. For example, the then students worked:

- for a snowboard business-to-business distribution company
- as a retail management trainee
- as an intern in a public relations firm
- as an intern with Procter & Gamble in Singapore
- as an intern in an advertising agency in Britain
- on a L'Oreal 'brandstorm' marketing project in Melbourne (see the Consumer behaviour in action box).

## L'OREAL 'BRANDSTORM' FOR STUDENTS

L'Oreal launched the global competition in 1992 to enable undergraduate students to creatively play the role of an international marketing manager to propose a campaign launch for one of L'Oreal's international brands. The 2014 challenge was to propose a strategy for Kiehl's range of male products (see Figure 12.16).

Teams of three students in each participating university competed for the honour to represent their campus at the national finals, with the winning national team competing against teams from forty-five countries in the international finals in Paris. Teams presented to a panel of L'Oreal executives and their advertising agency. The winning team received a holiday trip worth about $18,000. Finalists and winning teams have been recruited into L'Oreal's local management trainee program.[33]

L'Oreal started in 1909 when entrepreneurial chemist Eugene Schueller had an idea for a hair dye. He formulated, manufactured and sold the product to Parisian hairdressers. Since then, the L'Oreal corporation has grown through research, innovation and acquisitions.

CONSUMER BEHAVIOUR IN ACTION

FIGURE 12.16
L'Oreal Brandstorm
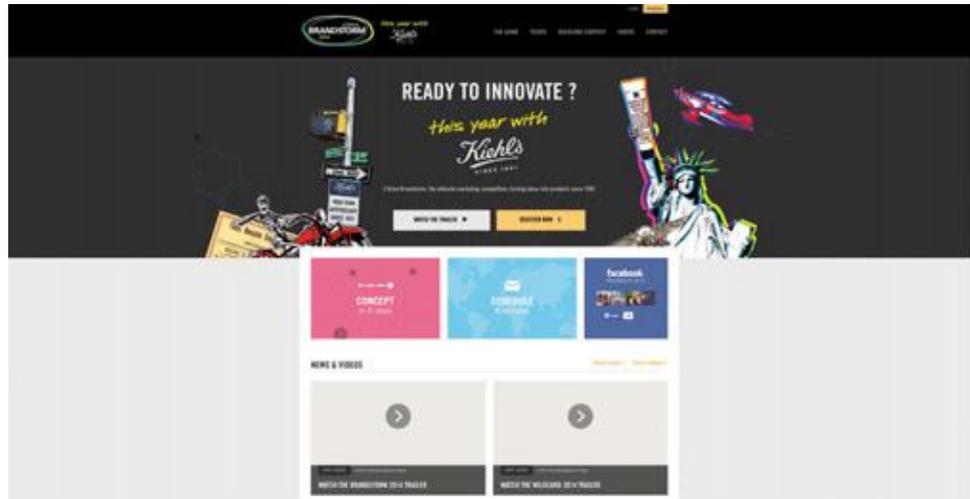


L'Oreal's international brand portfolio includes Biotherm, Cacharel, Diesel, Garnier, Giorgio Armani, Kiehl's, Lancome, Maybelline, Ralph Lauren, Shu Uemura, The Body Shop and Yves Saint Laurent. The cosmetic and beauty group also has several corporate social responsibility (CSR) projects, such as the UNESCO Women in Science initiative in forty  countries, the Hairdressers Against Aids program in twenty-four countries, and the 'Look Good Feel Better' program of free makeup and skincare workshops for women cancer patients.[34]

As a result, L'Oreal wins over consumers directly through both its commercial brand marketing campaigns and public relations activities such as Brandstorm and its CSR initiatives.

## Experiences

Just as the field of consumer behaviour draws from diverse disciplines, our practitioners are eclectic in their industry experience. Adam Ferrier, for example, draws on psychology, research, marketing and strategic understanding to gain insights into consumers' needs and motivations. Some practitioners have leveraged their working experiences in different countries for their current roles in advertising, brand management, data-driven marketing, experiential marketing, retail marketing, public relations and social media. Other practitioners have started their own companies in advertising, media, research, talent search and creative-marketing services.

## Tough decisions

Many practitioners have made tough decisions that have enriched their experiences and lives. Decisions have included starting, expanding, investing in or closing a business; withdrawing a non-viable brand, a campaign or an event; deciding between a rationally tested idea and a gut feeling idea; relocating to a different city or state for career advancement; and juggling family and work time.

## Favourite projects

The practitioners have had a diversity of favourite projects. Some challenging projects were on merging of banks; repositioning an association; tailoring specific traditional and social media plans for clients; innovative curation of a festival; launching broadband internet, pre-paid mobile phone plans, a shampoo brand and a campaign on free range organic chicken; integrating a communications safety campaign aimed at teens through school-journey 'contact' points such as train station billboards, bus exterior panels, bus interior signs, cinema advertising, letterbox drop and a school video; and changing the drink-driving behaviour and attitude of young males based on ethnographic research.

Two of the practitioner projects were award winners:

1   Naked Communications in Sydney produced the 'Steal Banksy' campaign for The Art Series Hotels in Melbourne to increase occupancy rates in their Melbourne hotels. The idea was to stay the night and steal the art. The campaign achieved global publicity, 50 per cent room bookings above target and 300 per cent return on investment[35] (see Figure 12.17).



**FIGURE 12.17**
The 'Steal Banksy' campaign

2   McCann Worldgroup worked collaboratively with the Victorian Responsible Gambling Foundation, to create an ongoing treatment program that benefited thousands of problem gamblers rather than simply producing a one-off advertising campaign. The solution was 'The 100 Day Challenge', with a tagline 'Fight for the real you', to help gamblers reduce or stop their gambling behaviour. The challenge recruited four gamblers to share their thoughts on their personal goal, their 'real me' character and their progress towards their challenge journey.[36] The challenge motivated over 3000 gamblers to take up the personal fight and won the *Media Campaign of the Year* in the 2013 AdNews Awards[37] (see Figure 12.18).

**FIGURE 12.18**
The 100 Day Challenge

## Social media usage

Our practitioners use social media for their companies, projects, clients and personal communication. Practitioners describe social media as an 'instant amplifier and intensifier', 'borderless and classless', 'intrinsic in the marketing and communications landscape', making 'advertising more exciting than ever', 'a true test' of how effective a message is through social sharing, and a more cost-effective and more efficient method to engage mass consumers globally. One practitioner describes social media as Big Brother with 'everyone watching everyone and cutting each other down to size'.

Due to the rapid rate of adoption of social media by consumers, practitioners listen to what consumers say online, communicate with consumers daily, extend brand awareness, position the brand or company, and collaborate with consumers to create entertaining and exciting content.

## Consumer insights

Our practitioners all agree that consumer insights trigger better goods, services, media plans, campaigns and business growth. Consumer insights are 'human truths' at Unilever, 'truth well told' at McCann, 'stock in trade' at Forethought Research, 'big picture' and 'early notice' of consumer trends in retail business, a 'key building block' in media planning, 'core of being' in all sectors and 'everything' in a successful profession. In-depth research helps to uncover deep, penetrating and potent insights into consumer needs, wants, motivations and insecurities.

## Future outlook

Practitioners see technology as both good and bad for the future. On the good side, technology makes it easier for consumers to access information sources from electronic channels such as smartphones, smart watches, tablets, Google Glass and Instagram; it enables more consumers to shop online cost effectively anywhere and at any time,

including from a virtual store for office or home deliveries; it facilitates more imaginative ways for tech-savvy consumers to communicate with each other and to engage with brands; it creates opportunities for companies to analyse multi-platform data and develop better value to consumers; and it compels companies to be more transparent and honest, otherwise there could be negative viral messages in social media. On the bad side, consumers are likely to lose more privacy when 'Big Brother' companies monitor consumers through mobile phones, social media, internet surfing and online shopping, and then sell consumer profiles to other companies.

## Advice for students

Most of the practitioners advised students to gain deep consumer insights through interdisciplinary studies and then develop relevant business decisions, actions and communication. You should study psychology, the subconscious, needs, motivations, values, wants, interaction between feelings and thoughts, decision making and consumer behaviour in new situations or geographical areas. Do not assume that every consumer is like you. Conduct informal research to broaden your perspectives about consumer behaviour through observing, chats, social media postings, scanning various media, listening to talkback radio and reading brand success stories. Play to your strengths, whether that's curious investigation, data analysis, hypothesising, writing insightful marketing plans, creating a brand or campaign, starting a business or positioning yourself differently from other job applicants.

In summary, this section has synthesised perspectives of the twelve practitioners selected for this book. The practitioners are resource-rich—they have completed diverse educational qualifications; experienced an eclectic range of workplaces and tasks; made tough decisions that have enriched their lives; completed diverse challenging projects; adopted social media strategies for their companies, projects, clients and personal communication; developed consumer insights that have triggered better goods, services, media plans, campaigns and business growth; propounded polarised views on their future outlook on technology; and demonstrated a shared understanding that students should gain deep consumer insights through interdisciplinary studies and then develop relevant business decisions, actions and communication.

## CONCLUDING THOUGHTS

This chapter has highlighted several themes across the various sections on cultural effects, interpersonal effects, personal effects, industry examples and cases, and practitioner profiles.

The themes are:

1   Consumer behaviour is a situational phenomenon. Consumers do not always behave in a systematic manner. We adapt to situations at different stages in our lives, often



Discuss insights from concluding thoughts on the book.

impulsively and emotionally and sometimes rationally. We learn and evolve; hence, marketers are always catching up to understand how we behave as consumers in different situations.

2   Consumer behaviour is a diverse interdisciplinary field. We need to borrow concepts from disciplines such as anthropology, economics, linguistics, media studies, neuroscience, psychology and sociology to better understand consumers and their needs to live, learn, love and leave a legacy. As our practitioners have also demonstrated, meaningful insights and ideas emerge from connecting cross-disciplinary education, eclectic experiences, diverse projects and making tough decisions across different situations.

3   Consumer needs and the various theories are interrelated. Many theories can be mapped under mental, emotional, physical and spiritual dimensions, with many concepts overlapping the dimensions. For example, some people learn to cook not just for a physical need but to be healthy, to bond with family and friends, to reinforce self-esteem, and to support the organic food movement.

4   Marketers adopt resourceful integrated strategies and diverse 'touch points' to reach out to consumers. Technology has opened up new channels of communication; hence, marketers need to align their goods, services and ideas with our needs and wants. Marketers need to identify problems, research information sources, evaluate alternative solutions to connect with us, decide on the best solutions for different situations, and evaluate outcomes to constantly gain our loyalty towards their brands.

5   Consumer behaviour is a never-ending learning journey. We learn constantly from diverse sources as part of our life cycle. This book should be your trigger to learn more about your life as a human being and consumer through other disciplines, such as the triune brain in neuroscience;[38] reprogramming the self-image through psycho-cybernetics,[39] and conditioning the mind through neurolinguistic programming.[40] You could also explore public relations journals on consumer issues such as **greenwashing**: an organisation's insincere way to express concern about the environment. You could scan most-cited or most-read research articles in key academic journals to help you learn more about certain consumer behaviour topics. You could access abstracts and full articles online or via your university library.

**greenwashing**
An organisation's insincere way to express concern about the environment

Here are some final conditioning thoughts for you. The study of consumer behaviour—and any other discipline—is much more personally meaningful when you connect concepts and theories to your life. Have fun learning.

PRACTITIONER
PROFILE

|||||| |||| ||| |||||

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## CLAUDIA STEVEN

Claudia currently works as an account director at communications agency Red Jelly. She has more than a decade of experience in marketing and communication, and has worked across a number of different industries including finance, FMCG, sport and leisure, social marketing and tourism. Claudia holds a Bachelor of Business (Marketing) degree from RMIT University, graduating top of her class and nominated for the Dean's Medal. Claudia has been an advertising account director for globally renowned brands including Nike and Cadbury and is highly regarded for her strategic thinking and business acumen.

*How did your career start?*
After participating in the L'Oreal Brandstorm marketing project representing RMIT University, I was recruited for a graduate position by L'Oreal's advertising agency at the time, Publicis Mojo.

*What advice would you offer a student studying consumer behaviour?*
Nothing beats the real thing, so whenever and wherever possible augment your studies with your own informal consumer research. Get in the habit of observing consumer behaviour, being interested in it, hypothesising the psychological drivers of certain behaviour, and how organisations and brands might be influencing that behaviour. This doesn't always have to be formal focus groups but could simply be chatting with and observing friends, family and colleagues or sending out quick survey polls via social media. Obviously, just be wary of drawing any definitive conclusions from opinionated members of your social group—any 'quick and dirty' field research should be used to broaden your own personal perspective only.

*How important are consumer insights to what you do and to your organisation?*
Consumer insights are critical to effective communication campaigns because they help to deliver engagement and relevancy for a product/service to a target market. A great piece of marketing communication is achieved by finding that sweet spot or interconnection point between consumer insight and brand messaging; and making sure it's both emotionally compelling and different from the competition. It's important to note, however, that there is a difference between consumer insights and mere consumer observations. A strong

consumer  insight is not an obvious behaviour and true insights usually require in-depth research.

### What is the hardest decision you've had to make to date?

Moving interstate for family reasons and leaving a role in a crucial time in my career was a hard decision to make. However, family comes first and your job cannot define you or be your main focus in life.

### How important is social media to you?

Regardless of my own personal love—hate relationship with social media, in the world of marketing and communication social media obviously can't be ignored. It provides more efficient and cost-effective ways to connect to your audiences than ever before. There's no doubt that it's changed the landscape of communication, as consumers demand less traditional 'ads' and more entertaining content.

### What has been your favourite project to work on?

Sometimes working in advertising and communication can feel a little shallow if the products and services you are pouring all your energy into don't resonate with you personally. However, when you are given the opportunity to work in the social marketing sphere, your sense of satisfaction can be very high. One of my favourite projects has been related to road safety and in particular aiming to change the attitudes and behaviour of young males towards drink driving.

Young males are overrepresented in the road crash statistics across Australia and they are a notoriously hard group to reach and engage. These barriers coupled with Australia's strong drinking culture and regional isolation provided an incredibly challenging brief. The project consisted of an extensive ethnographic research study, message testing and focus group studies, which all shaped the communication. The resulting campaign was built on a strong consumer behaviour platform, centred on the influential territory of 'mateship' and is showing strong signs of influence within the community.

### The way consumers shop and behave is being changed and challenged by technology. What are your thoughts about the future?

Consumers yield greater power with so much information on hand to help with the decision-making process. However, there is such a thing as too much information and we are all starting to long for more simplicity in our lives. I believe that any brand that can make a seemingly complicated decision simple and create a high level of post purchase satisfaction will be rewarded for it. I don't believe the proposition made by some that technology would make it easier for brands to manipulate more people to buy their products/services. Rather, as more and more people grow up with technology from an earlier and earlier age, it will be brands and organisations that are genuinely transparent and provide genuine value and meaning that will grow and succeed.

# SUMMARY

This chapter reviews previous chapters under the framework of cultural, interpersonal and personal effects; industry examples and featured cases; and insights of practitioners. The following is a summary of various concepts under stated learning objectives, with metaphors to help illustrate each learning outcome.

1   Discuss key themes from chapters on cultural effects.
    The three chapters on cultural effects are:

    - Chapter 1: Introduction to Consumer Behaviour
    - Chapter 2: Culture and Consumer Behaviour
    - Chapter 11: Social Change and the Diffusion of Innovations.

    The core theme of situational behaviour is like a person with multiple intelligences who is able to adapt to different environments. On different occasions, we may buy the message of the private, public or non-profit sector; focus on micro or macro issues in consumer behaviour; participate in positivist or interpretivist research; make decisions linearly or impulsively; adapt to different roles and expectations; benefit or suffer from technology and the marketing onslaught; evolve our culture of social habits and values; like or dislike the effects of globalisation; identify with a few or more subcultural variables; interact with regional culture onshore or offshore; share our inner thoughts and feelings through marketers' ethnographic research; and participate in the spiralling multistage social process of innovation diffusion as an innovator, early adopter, laggard, reference group, blogger or word-of-mouth influencer.

2   Discuss key themes from chapters on interpersonal effects.
    The two chapters on interpersonal effects are:

    - Chapter 3: Social Class and Consumer Behaviour
    - Chapter 4: Reference Groups and Consumer Behaviour.

    The diversity theme is like the pentathlon athlete who engages with peers in shooting, fencing, swimming, show jumping and cross-country running. There is diversity in reference groups as well as in social class categories, variables, measurements, symbols and marketing strategies. Consumers interact with people in the same social class and associative or aspirational reference groups.

3   Discuss key themes from chapters on personal effects.
    The six chapters on personal effects are:

    - Chapter 5: Needs, Motivations and Consumer Behaviour
    - Chapter 6: Consumer Personality and Self-Concept
    - Chapter 7: Consumer Perception
    - Chapter 8: Learning and Consumer Involvement
    - Chapter 9: Consumer Attitudes and Attitude Change
    - Chapter 10: Decision Making and Consumption Experiences.

The interrelated theme of the chapters is like the links in a website that connect diverse but related topics. We have inherent basic needs to live, learn, love and leave a legacy. We constantly learn through observing, outcome association, and positive and negative consequences, as well as through problem solving. We learn from personal and public sources to form attitudes, develop our personality and self-concept, perceive differently, express needs as desires or wants, and decide spontaneously or systematically depending on situations.

4   Discuss key messages from industry examples and cases.
A collage is like the integrated strategies from the industry examples and contributed cases. The collage tells the marketing story of integrating various elements to engage consumers. The elements could be research, perception, acculturation, segmentation, collaboration, interconnected needs, the right emotional appeals, the most influential social networks and non-commercial needs. The elements could also be marketers' use of the positivist decision-making process of problem recognition, information search, alternative evaluation, choice and outcome evaluation.

5   Discuss key ideas from practitioner profiles.
Our practitioners are resource-rich. They have had diverse education and eclectic experiences; made tough decisions; undertaken a diversity of challenging projects; used social media strategies; gleaned consumer insights from formal and informal research; developed polarised views on technology; and shared an understanding that students should gain deep consumer insights through interdisciplinary studies and then decide, act and communicate meaningfully to succeed.

6   Discuss insights from concluding thoughts on the book.
Consumer behaviour is a never-ending journey. Consumer behaviour is a situational phenomenon that requires us to adapt to different environments. It is a diverse interdisciplinary field where we borrow concepts from various disciplines to gain insights into the consumer. The needs of consumers and the wide-ranging theories are interrelated under the mental, emotional, physical and spiritual dimensions. Marketers also adopt integrated strategies to 'touch' us wherever we are. This book is just the beginning of your learning journey of consumer behaviour, because there are so many more things to learn about you as a human being (macro consumer behaviour).

## KEY TERMS

| | | |
|---|---|---|
| cultural socialisation | halo effect | social bubbles |
| greenwashing | house brands | spiral effect |

## END-OF-CHAPTER QUESTIONS

1  Why is consumer behaviour a situational phenomenon, as synthesised from the chapters on introduction, culture and diffusion of innovation under the cultural effects dimension?
2  How are you a situational consumer?
3  Which metaphor would you use to describe your understanding of culture?
4  How do you think innovation is diffused in society?
5  How are you an innovator and laggard at the same time?
6  Why is there diversity in the interpersonal effects dimension covering the chapters on social class and reference groups?
7  Who are your associative, aspirational and dissociative reference groups?
8  How are the six chapters under the personal effects dimension interrelated?
9  View the videos on the twins with two heads and one body, the man with no limbs and the 'ugliest' woman in the world. What do you learn about consumer and human behaviour from these videos?
10  Which industry examples intrigued you?
11  Which contributed cases triggered your interest in consumer behaviour or marketing?
12  Which practitioners inspired you and why?
13  What are your personal views on some key themes in this book?
14  What would you like to learn more about yourself and about consumer behaviour?

## FURTHER READING

About greenwashing—
www.greenwashingindex.com/about-greenwashing

How is your brain wired?—
www.youtube.com/watch?v=uOIWVo-4-lc

Most cited Journal of Consumer Psychology articles—
www.journals.elsevier.com/journal-of-consumer-psychology/most-cited-articles

Most cited Journal of Consumer Research articles—
www.jstor.org/action/showMostAccessedArticles?journalCode=jconsrese

Most cited Marketing Theory articles—
http://mtq.sagepub.com/reports/most-cited

Neurolinguistic programming—
www.youtube.com/watch?v=ANY8-_kqCZQ

The new psycho-cybernetics—
www.youtube.com/watch?v=kF64Pse-RdE

## WEBLINKS

Consumer behaviour articles, *New York Times*—
http://topics.nytimes.com/top/reference/timestopics/subjects/c/consumer_behavior

European Journal of Cultural Studies—
http://ecs.sagepub.com

European Journal of Marketing—
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Harvard Business School, Marketing: Consumer Behaviour—
http://hbswk.hbs.edu/topics/consumerbehavior.html

International Journal of Advertising—
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International Journal of Consumer Studies—
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Journal of Advertising Research—
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Journal of Advertising—
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Journal of Humanistic Psychology—
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Journal of Personality and Social Psychology—
www.apa.org/pubs/journals/psp/index.aspx

Keller Fay Group, The Consumer Conversation Experts—
www.kellerfay.com

Learning and Motivation—
www.sciencedirect.com/science/journal/00239690

Marketing Science Institute, Marketing Topics: Consumer Behaviour—
www.msi.org/topics/consumer-behavior

McKinsey on Marketing & Sales, Topic: Consumer Behaviour—
http://mckinseyonmarketingandsales.com/topics/consumer-behavior

Psychological Review—
http://psycnet.apa.org/index.cfm?fa=browsePA.volumes&jcode=rev

Public Relations Review—
www.journals.elsevier.com/public-relations-review

Research in Consumer Behavior—
www.emeraldinsight.com/books.htm?issn=0885-2111

Science Daily: Consumer Behavior News—
www.sciencedaily.com/news/mind_brain/consumer_behavior

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# The original social network: Heart Foundation's 'Mums United' campaign

Campaign: Mums United
Client: The Heart Foundation
Agency: Soup
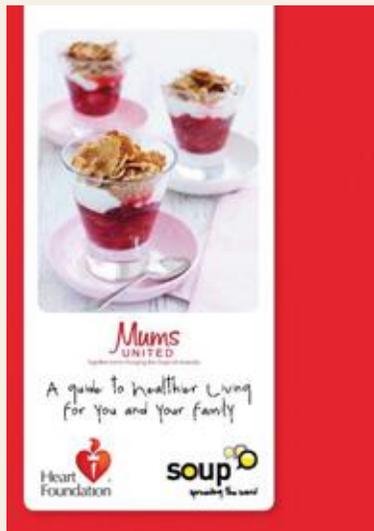


Figure 4A.1
Healthy eating options

## Background

Over 60 per cent of adult Australians and one in four children are either overweight or obese. Worryingly, Australia is ranked as one of the fattest nations in the developed world. In Australia, as the leading organisation dedicated to reducing the impact of cardiovascular disease, the Heart Foundation has for many years run programs and lobbied for improvements in our food supply and increased opportunities for a more active community.

It seems almost every day there's a television, radio or newspaper story about our growing waistlines and the increased risks this poses to our health, including conditions such as cancer, Type 2 diabetes, stroke and heart disease. But with people bombarded with so many conflicting health recommendations, some find it difficult to distinguish fact from fiction. To address this confusion, the Heart Foundation developed the 'Mums United' initiative.

Figure 4A.2
Mums United's target
market



## Objectives

Mums United was designed to get Australian mums to band together and make small lifestyle changes within their families and local communities, with the ultimate goal of improving the shape of Australia. Through the initiative, the Heart Foundation wanted to take the confusion out of healthy eating and activity advice, with three simple messages:

• Reduce your saturated fat intake (specifically educating mums about switching from full-fat dairy to reduced-fat dairy for everyone over two years old, and switching from butter to margarine).
• Be active for at least 30 minutes a day (60 minutes for kids).
• Choose healthier options in the supermarket by looking for the Heart Foundation Tick.

The challenge was also to convince people to prioritise these behaviours in their already busy routines, with mums leading the way in initiating simple lifestyle changes. The aim was to provide mums and their families with healthy living advice that they felt was both achievable and fun. One of the initiative's biggest objectives was to drive uptake of information from the Heart Foundation as a trusted source of advice, and in turn inspire and cause actual behaviour change through a community of advocates.

## Strategy

In order to engage directly with mums at a grass-roots level, the Soup agency instigated a national, three-month word of mouth (WOM) marketing campaign to create a conversation from the ground up, amplifying the impact of traditional advertising.

The Heart Foundation enlisted Soup to enable it to immediately reach influential consumers—in this case, highly networked mums—to spread the word of its new initiative and create

the grass-roots groundswell of conversations. From its database of over 100,000 influential consumers (or 'Soupers'), Soup enlisted 1785 mums, or 'Soup Mamas', in regional and metropolitan markets around the country to the Heart Foundation campaign.

Influencers have over double the amount of branded conversations than the average person. Around 65 per cent of their branded conversations carry an active recommendation, so they buy, try or consider the product, brand or initiative they've heard about. Also, their social networks are at least double that of an average person. They are highly active in their online and/or offline worlds. In the case of the Soup Mamas selected, they were regular Facebook users and were social organisers within their networks. Soupers are not paid to be involved in any campaign, so brands are guaranteed that people's feedback is genuine.

Additionally, Soup recruited a small number of 'über influencers', defined by their access to larger networks and their ability to organise larger events with over 50 people within their own community. Soup also approached mum bloggers to take on one of the Mums United healthier living changes.

## Execution

In August 2011, Soup identified the Soup Mamas who would lead the WOM marketing campaign. They were educated about the Mums United content, and then opportunities were created to spread the message within their vast networks of other mums.

To begin the education process and to help them spread the message in a fun and natural way, they were sent educational information packs. This included a saturated fat myth-busting quiz, healthy recipes and an activity booklet tracker, as well as sharing materials such as shopping list pads, family walking charts (see Figure 4A.3) and extra recipes. The 'über' influencers were provided with prizes and collateral to help support their own community events. The mummy bloggers reported their own Mums United challenges and how they were progressing.
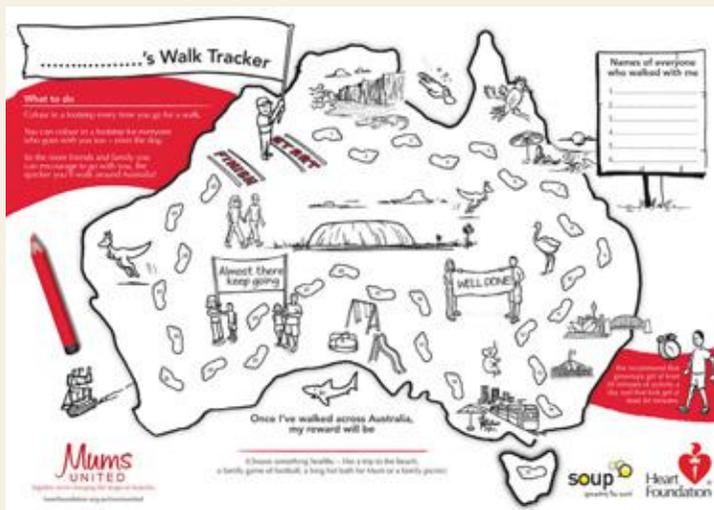


Figure 4A.3
Mums United family
walking chart

## Results

The three-month campaign ran from September to November 2011. Seventy-three per cent of mums said that their children were active every day (98 per cent of mums said that their children were active a few times a week or more), compared with 52 per cent active every day prior to the campaign. Not only that, but 30 minutes of activity at least a few times a week increased by 16 percentage points for mums.

When it came to choosing healthier options in the supermarket, the campaign saw a shift from 75 per cent of mums to 90 per cent of mums that looked for Heart Foundation Tick products at least monthly, and mums also reported switching from full-fat dairy to healthier reduced-fat products when shopping. Full-fat dairy usage dropped from 77 per cent to just 21 per cent post-campaign, with use of reduced-fat dairy increasing from 61 per cent to 82 per cent.

The WOM marketing campaign resulted in a total of 896,070 offline conversations within the first month of its launch, more than double the pre-campaign target of 438,463 conversations. Meanwhile, online conversations totalled 78,057, also well ahead of the 48,561 pre-campaign target.

A total of 16,000 mums attended a Mums United get-together organised by a Soup Mama, with an average of 9.3 people at each event. Mums United materials were shared with an average of 11.4 people each.

In other results, more than 1200 Soup Mamas joined the Mums United Facebook community, and 939 mums reviewed the Mums United campaign in an online product review, awarding it an average of 4.3 out of five stars.

## QUESTIONS

1  How is overweight or obesity a problem in Australia?
2  Why did the Heart Foundation develop the 'Mums United' initiative?
3  How did 'Soup Mamas' and 'über influencers' contribute to the Heart Foundation campaign?
4  How did the Heart Foundation prepare 'Soup Mamas' and 'über influencers' for the word of mouth campaign?
5  What were some of the results during the Mums United campaign?

# An industry transforming: the book industry

By Jan Zwar, Macquarie University

The global book industry is undergoing major transformation, driven by innovations in the ways that books are written, published, marketed and read. In 2013 over $1 billion of books were purchased from booksellers in Australia, with additional sales estimated at hundreds of millions of dollars bought from overseas suppliers. Over 10,000 new book titles are published in Australia each year, and more than 100,000 English-language titles are published overseas that are also available for sale. Australia's industry is closely linked to Britain and the USA: the largest English-language centres of publishing in the world.

The first wave of change came in the early 2000s when the internet made it possible for readers to order books online conveniently and cheaply. Previously, along with traditional bricks and mortar shops, mail-order book clubs such as 'The Book of the Month' club in the USA were a prominent feature of book sales. Then, readers subscribed to a service where a panel of experts chose books, which were mailed to subscribers' homes for consideration. From the mid–late 2000s, however, readers could go online, find information about a vast array of books, read reviews by other readers as well as professional reviewers, and order titles using their credit cards.
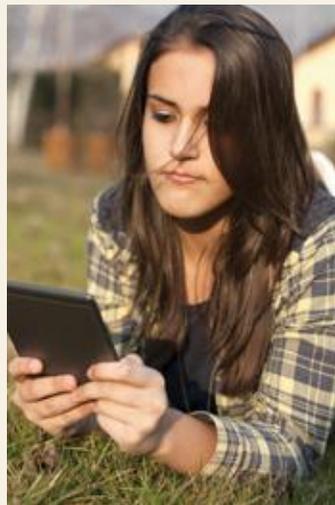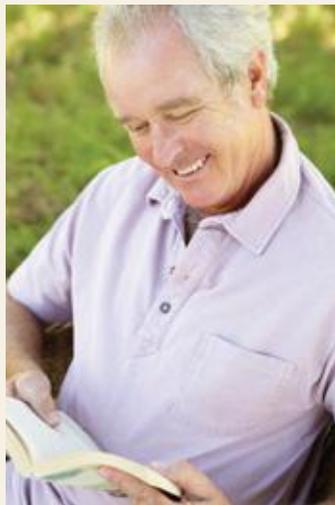
Figure 4B.1
Reading habits, old and new

The rapid uptake of e-book readers from the late 2000s changed the business of books again. It took years of refinement before e-book readers such as the Kindle, Sony's Reader, and Barnes and Noble's Nook were comfortable and convenient enough to gain reader acceptance, but when they did large numbers of readers downloaded and read e-books, especially in popular genres such as romance and crime. Advantages included that they were less expensive and were easily disposed of when finished. Multiplatform readers such as iPads provided another means of reading books. Figures are not easily available, but it's estimated that in the USA 20–30 per cent of consumer book sales are for e-book platforms.

The evidence is not yet decisive, but the change to e-books doesn't necessarily mean that book readers are reading less. On the contrary, research in Australia and the USA suggests that readers of e-books also read p-books (printed books) and spend more time reading overall. It's possible that the market for books will grow as a result of the greater convenience offered by electronic reading formats, although there is strong competition from other leisure activities such as browsing the internet and using Facebook and other social media sites.

Another development is that authors can now bypass a publisher and upload their book electronically and offer it directly for sale to consumers in virtually any part of the world. For centuries, aspiring writers have self-published memoirs, books of verse and novels, and sold or given them to family and friends, but now—in theory, at least—they can offer their work to a potential international marketplace. However, in practice, it's very difficult to do this successfully. The marketing challenge for self-publishing authors is to get a new title noticed by readers who might well like it—if only they knew about it.

Most self-published authors make very little money (one US study found that more than half made less than US$500 per book) but some established, experienced authors are experimenting in interesting ways. Steven Herrick, an Australian who's well known as an award-winning writer of popular young adult verse novels, self-published an e-book called *Baguettes and Bicycles*, a travel book about his love of France and his bicycle trips through it. He did it to test its potential as a model and to attempt to attract new readers. It proved to be successful, gaining him an audience well beyond his normal Australian base, particularly British readers, for whom France is a popular holiday destination.

Other authors have become 'authorpreneurs', exploring entrepreneurial ways of marketing their books. Hazel Edwards has written over 200 published books, from the bestselling *There's a Hippopotamus on Our Roof Eating Cake* series (which was recently translated into Chinese) to a diverse range of genres including picture books, young adult fiction, adventure writing, how-to books, adult nonfiction and classroom resources. When the rights for some of her books became reverted (that is, the rights came back into her ownership, due to publishing company takeovers or mergers) she developed her own e-publishing platform. Part of this was due to a desire to keep her books available, but an ancillary benefit is that a personal publishing platform also delivers more control and a greater financial return per sale.

Some authors are expanding the imaginary world of their creations beyond the printed page to virtual online settings. In the late 2000s, Isabelle Merlin, an Australian writer of young adult romantic thrillers, created internet elements that are integral to the story's plot, such as a character's blog, a website on dreams, a band page and video clips. The author created them, but they 'belong' to the characters.

The creative, imaginative possibilities offered by multiple platforms are just beginning to be explored. Simon & Schuster Australia is the lead developer of *The Heritage Trilogy*, 'a fast-paced modern thriller that entwines the fortunes of two families across centuries', with *Bloodline* as the first in the series. The books are written by a novelist, Alan Gold, and an award-winning screen writer, Mike Jones, both based in Sydney. Discussions are underway with Hollywood-based studios to create a television series and with global partners for the creation of online and interactive extensions.

Another change is that the line is blurring between readers and authors. Initially, this was noticeable in the popularity of online fan fiction. Readers create their own stories based on the characters and settings of their favourite books and share them with others. For example, fans can invent romances between two characters who weren't a couple in a book, or write lurid sex scenes that were left to the imagination by the book's author. E.L. James wrote fan fiction based on the *Twilight* series that became the basis for her bestselling erotic book *50 Shades of Grey*. Harry Potter fans have written hundreds of thousands of fan fiction stories that are posted online. Fans can invent new stories and rewrite the ending to the series for each other. It's sometimes disconcerting for authors to see characters and stories they created taken out of their control into wild, new fictional directions.

Social media is now an essential part of the mix of communication channels in most promotional strategies. The marketing budget in publishing companies is increasingly used to participate in fan sites and contribute to Twitter and Facebook conversations, as well as providing YouTube videos of interviews with authors, online quizzes and competitions. A YouTube clip called 'Jeff Kinney's Cartoon Class' by the author of *Diary of a Wimpy Kid* was produced by Penguin Kids TV and received more than 270,000 views in 2012. Large publishers have released book apps to enable the free preview of a chapter or to purchase reference, cooking and entertainment apps linked to particular titles.

On the financial side, some small, innovative publishers are experimenting with new models of financing and profit-sharing with authors. Alison Green and her father, John Green, spent two years researching the publishing industry before setting up Pantera Press in Sydney. Each brings a strong business background to their venture (John Green is a former investment banker with Macquarie Bank). They are pioneering new models by taking a long-term approach that allows them to take risks on new, previously unpublished authors. Alison Green, the CEO, said, 'What the author puts in, under our model, is their great story. We cover the actual costs and then split all profits 50/50.'

It's early days, but some crowdfunding sites are helping authors to get modest funding to write their books. Kickstarter is well known, but there are many that offer platforms to seek funding for webcomics, comic books, graphic novels and other works. Another form of crowdsourcing was carried out by Fyokla Tolstaya, the great-great-granddaughter of the celebrated Russian writer of *War and Peace* and other classics, Leo Tolstoy. She made an appeal for volunteers to proofread 48,800 pages of digital transcripts of archival papers for the Leo Tolstoy State Museum. Over 3000 Russians completed the painstaking task and the archives were made available online at no cost in 2013.

One complication in financing new books is that e-books have become established in the market at much lower price points than printed books. It's possible that consumer willingness to pay the recommended retail price for new books has decreased. Amazon has been a controversial entrant to the industry in this regard: initially it sold e-books at prices lower than it paid to publishers for the titles in order to encourage the uptake of Kindle e-book readers. This was beneficial for consumers, who were able to buy and read books more cheaply, but it has challenged retail price points in the industry.

With so much innovation taking place, no one can predict with confidence what the book industry will be like in several years' time. Story-telling has always been an integral part of human culture, and the digital, networked environment opens up new possibilities for the ways that books are authored, financed, published, marketed, read and shared. Are you reading this case study in a print book or an e-book? You are part of the next generation of book readers and the industry wants to know more about you.

## QUESTIONS

1   Briefly describe the changes that are occurring in the Australian book industry.
2   What could be considered as competition for a consumer's time instead of reading books? Can  you think of examples beyond those provided in the case study?
3   Give an example of innovation by authors, readers and publishers.
4   Choose one of your answers to Question 3 and discuss it in relation to a relevant theory about innovation.
5   If you were going to market a new title, how would you go about it? Pick a title from a genre that you enjoy (such as sport, crime, romance, comic books or graphic novels) and explain the reasons for your strategy.

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# Rising to the occasion: Abbott's Village Bakery brand launch

Campaign: Abbott's Village Bakery
Client: George Weston Foods
Agency: Landor Associates

Figure 4C.1
Abbot's Village Bakery
range



## Background

Proprietary bread brands in Australia face a difficult environment because the supermarket bread category is dominated by private label varieties. Competition is fierce, and consumers shop in a repertoire of brands driven by price promotions. Fast-moving consumer goods brands are increasingly forced to play in top-end mainstream and premium segments. For example, Helga's was the top-selling bread with 63 per cent value market share of the premium segment.

In February 2009, George Weston Foods (GWF) engaged Landor to undertake an analysis of its existing portfolio of breads, as well as the overall bread category, in order to identify an opportunity for a bread brand with a distinct and appealing position.

## Objectives

Landor, along with GWF and its partner agencies, needed to create a bread brand that would credibly challenge the competitive offerings in the 'everyday premium' segment. In Australia, the bread category was experiencing significant growth. Most of the market growth had been led by competitor brands, with Goodman Fielder dominating the everyday premium segment with two brands. As a result, George Weston Foods' baking division undertook a significant and far-reaching review of their bread portfolio. GWF sought to grow the segment and offer a real challenge to established brands.

## Strategy

The opportunity lay in developing a new brand to compete in the everyday premium space that had enough stretch to also be viable in the 'gourmet or specialist' bread category. First, however, a thorough understanding of both the competitive space and the consumer mindset was required.

In the initial workshop, the team acquired a unique perspective on the competitive space and consumer mindset: we learned that consumers were willing to suspend disbelief and buy into a compelling and believable brand story. Further review of emergent category trends and a one-day ideation workshop helped us identify market opportunities. Once the creative territories were refined, we developed brand names and unique stories, platforms and designs that referenced heritage and distinct eras of time.
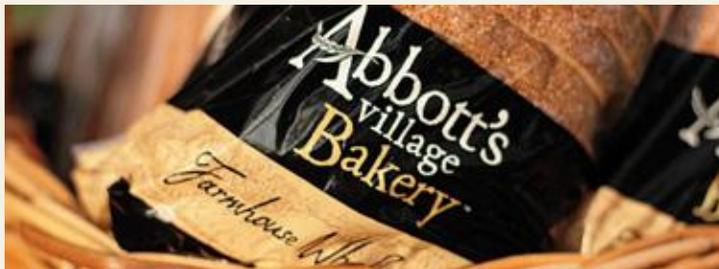


Figure 4C.2
Creating an association with quality, authentic baking

Landor produced territories to take into quantitative research arranged along an origin (European/Australian) to modernity spectrum. The aim was to identify territories that resonated with consumers on an emotional level.

## Execution

The quantitative results highlighted six potential concepts to move forward into qualitative research. Each concept was recognised as fitting the everyday premium category; however, we wanted to know which concept would provoke an emotive response.

When we spoke to consumers, one concept stood out head and shoulders above the rest: 'Abbott's Village Bakery'. It spoke to a provenance of hand-crafted, lovingly created bread that took away from the mass-produced associations of the category. For some, the mythical 'Abbott's Village Bakery' was in country Australia, while for others it was in the English countryside. Some commented on the contemporary feel, while others felt nostalgia. Either way, it struck a strong emotional chord and was immediately associated with quality, authentic baking. The design also has remarkable shelf presence through the strong use of black, which instantly conveyed quality and premium baking cues.

## Results

The concept of a local community connection resonated with consumers in today's fast-paced, faceless world, and the results bear testament to this initiative's success. In just 12 weeks after launch, the GWF premium segment grew by nine share points, and Abbott's Village Bakery averaged around 19 per cent market share by value. Other results included the following:

- The total GWF premium segment grew by 8.3 share points.
- Actual sales exceeded forecast for 11 of the 12 weeks (averaging 198 per cent above target).
- At week 11, 88 per cent of sales were attributed to switching, pulling 19 per cent from the market leader, Helga's.
- Just over 5 per cent of sales were attributed to new buyers and 6 per cent to incremental purchases.
- In the three years since launch, Abbott's Village Bakery has grown to achieve a share of 24 per cent of the premium bread market (Aztec grocery scan data, dollar share of 'premium', quarter to 29 August 2012).
- Abbott's Village Bakery Farmhouse Wholemeal is the top selling variant in the range, ranked fifth in the premium market.

## QUESTIONS

1   Why did George Weston Foods enter the everyday premium bread category instead of the non-premium segment?
2   How did Landor work with George Weston Foods on entering the premium segment?
3   Why was the 'Abbott's Village Bakery' positioning concept a winner in research?
4   How successful was the 'Abbott's Village Bakery' launch?
5   How would you describe consumers of bread as manifested in this case?

'Rising to the occasion: Abbott's Village Bakery brand' adapted from *Marketing Magazine*, www.marketingmage.com.au, reproduced with permission.

# An undervalued segment: small business customers unhappy with their banks

By Marthin Nanere and Earl Jobling, La Trobe University

### Background

A key outcome of the global financial crisis of 2007–8 was that the big four banks in Australia—ANZ, CBA, NAB and Westpac—are now among the biggest and most profitable banks in the developed world. Among other reasons, this position has come about because collectively these four banks and their subsidiaries are major players in the Australian banking landscape and, unlike their counterparts in the USA and Europe, they had little if any exposure to the 'toxic subprime market' that precipitated the global financial crisis. Shareholders of the big four banks are happy indeed, as increased profits have resulted in higher dividends and rising share prices. However, while shareholders are happy, this happiness is not shared by the small business customers of the big four banks.

Figure 4D.1
Shareholders' happiness with the big four banks is not shared by small business customers



### The issues

There is a perception among small business owners that the big four banks are more focused on satisfying their personal customers than their business customers. The general view is that, unlike small business customers, personal customers can more easily change banks and, as

such, there is a greater incentive for the big four banks to be more competitive in their offerings to personal customers. Small businesses are often the forgotten segment, squeezed between the personal customers and the giant corporations.

A number of studies have indicated that small business customers in Australia are unhappy with their banking relationships. Research undertaken by Jobling and Nanere (2011, 2010) identified a number of common themes as to why small business owners were unhappy with their banks, including finance being harder to access, rising interest costs and fees, and banking relationships being less than satisfactory. In terms of the ideal banking relationship, respondents said that they desired a number of relationally based attributes from their business bankers, including continuity, accessibility and the ability to deal with a person who had an understanding of the nature of their business. These findings suggest that the big four banks are not delivering what their small business customers want. If the banks wish to attract and retain small business customers, clearly improvement is needed in what they offer these customers.



Figure 4D.2
Banks can better serve small business customers by employing additional front-line staff

Strategies

The most fundamental means by which banks could better develop and manage relationships with small business customers is through increased investment in branches and front-line staff, with special emphasis being placed on employing additional business bankers. A number of banks in Australia, including Westpac and ANZ, have recently made significant investments in expanding their branch networks and increasing the number of business bankers that they employ. Moreover, these same banks are looking to employ more business bankers in the future. It is early days, but anecdotal evidence suggests that the investments made by these banks has led to an improvement in their image among the small business cohort and has resulted in them increasing their share of the small business market.

Banks could also set about implementing training programs that equip staff—and particularly business bankers—with the skills necessary to meet the needs of small business customers. Key among these needs is for business bankers to be able to proffer advice about which products and/or services would best meet the requirements of their small business customers. The provision of this advice necessitates that staff have an understanding of the nature of their customers' businesses, which requires specialised training. These specialist bankers could then focus exclusively on servicing subsectors of the broader 'small business' market. Specialisation as a means of attracting and retaining small business customers has been successfully utilised by the NAB, which has specialist business bankers across a range of subsectors, including, agribusiness, business services, education and health. Although specialist bankers focus on particular industries, they offer their customers a holistic approach to their banking needs. A key benefit of submarket specialisation is that over and above keeping customers happy, it is a means by which banks can attract quality staff that see career opportunities in carving out a niche for themselves within the business banking market. The attraction of quality staff makes it much easier for banks to satisfy the needs of small business owners, thereby making it easier to attract and retain these customers.

Another means by which banks could enhance their relationship with small business customers is to price their offerings on the basis of risk. Under risk profiling, the lower the risk profile of a customer, the lower the fees and/or loan rate that the customer is charged. For example, customers with a proven track record in terms of loan repayments would be treated more favourably than customers with a history of not making repayments on time. The benefit of risk profiling is that it enables banks to be flexible in their dealings with customers. The successful application of this pricing strategy is dependent upon a bank having a comprehensive profile of a customer, which, in turn, requires that the bank has been engaged in a sustained relationship with the customer. This seems to suggest that relationship management, in particular, should be a priority for banks wishing to expand their share of the small business market.

Another option available to banks to reduce fees and loan rates is through the bundling of products and services. If a bank can successfully entice a customer to conduct all of their financial business through the bank—for example, banking, insurance, superannuation and wealth management—then there is enormous scope for the bank to offer significant discounts on what they charge the customer. Similar to the comments above, the key to this strategy is being relationally engaged with the customer. Banks that are relationally engaged are in a much better position to demonstrate to their customers the benefits on offer as a result of bundling. Banks that can demonstrate the advantages of bundling stand to benefit a great deal in terms of customer retention and, as a consequence, customer loyalty.

Conclusion

The above strategies could lead to the improvement in the image of the banks, as well as increasing the number of satisfied customers, which, in turn, is likely to lead to increased market share and growth, positive word of mouth, and greater loyalty. These factors, have the potential for banks to increase their profits further, leading to an increase in their share price.

## QUESTIONS

1   How is personal or retail banking different from business or corporate banking?
2   'Small businesses are often the forgotten segment.' Discuss.
3   How could banks provide more competitive offerings to both personal and business customers?
4   In your view, what are the most appropriate strategies the big four banks could adopt to improve the satisfaction of their small business customers?
5   What impact do you think these strategies could have on the bottom line of these banks?

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# GLOSSARY

**Absolute threshold**
How sensitive consumers are to faint and loud stimuli

**Abundance mentality**
A Covey concept to acknowledge that humans have an abundance in life for cooperative win-win mutual benefits

**Acculturation**
The process of learning about another or new culture

**Achieved status**
Status based on individual success

**Activation**
Assimilating new data in memory into old data to make material more meaningful

**Addictive consumers**
Consumers who display personality traits that include a complete loss of control over their actions in the long term, which is detrimental to their welfare and health; for example, addictive gambling, smoking, excessive drinking, binge eating and use of illegal drugs

**Adoption curve**
A graph showing the number of new adopters at discrete periods of time; it's usually presented as a density function, or bell-shaped curve

**Advertorial**
Advertising-sponsored content in the form of news stories

**Affective learning**
Learning to value certain elements of our environment and to dislike others

**Agent-based modelling**
A form of simulation where many simple interactions among many individuals, each acting for their own purposes and with limited information, have the effect of exhibiting complex emergent properties of the system as a whole

### Aggressive personality
A Horney concept of personality based on a mistrust of society, in which the only means of mastering the environment is to gain power over it, even by aggressive behaviour

### Aide
An enthusiastic brand user who volunteers to be an advocate for a brand

### Americanisation
The spread of US brands globally

### Archetype discovery research
A qualitative motivational research method used by Rapaille to enable consumers to express feelings about a topic, tell stories, associate freely and recall initial emotional experiences with the product

### Ascribed status
Status acquired through family heritage

### Aspirational reference group
A group that you compare yourself against or aspire to their achievements and lifestyles

### Associative reference group
A group that you belong to or associate with because of informational, normative and/or values-expressive influence

### Attention
How much information we can process at one time

### Attitude
How a person feels, positively or negatively, about a particular thing, an idea, a place, a person or a brand

### Attitude to behaviour process model
The idea that our behaviour is a quick and unconscious result of attitudes activated from memory by the immediate situation, causing us to react emotionally rather than rationally

### Attitude towards the behaviour
Beliefs about the consequences of the behaviour, moderated by evaluations of how important those consequences are to the individual

**Attitude towards the object model**
A simple mathematical expression of expectancy-value theory where attitudes towards an object are expressed by the attributes that may be contained in the object, the expectations that a person has of each of those attributes, and the value (or importance) that the person has in those expectations

**Attribution**
The perceived cause of outcomes in our lives; favourable outcomes usually are attributed to ourselves, while unfavourable outcomes usually are attributed to others or to circumstances beyond our control

**Attribution theory**
A theory that explains how a perceiver uses information to arrive at explanations about cause and effect for events

**Autonomy**
The ability to make one's own decisions and actions

**Baby Boomers**
The generation born between 1946 and 1964, which values self-expression, optimism and family responsibilities

**Balance theory**
The notion that the object of an attitude is frequently associated with other objects; attitudes towards both objects need to be in balance, otherwise a person feels uncomfortable

**Behavioural economics**
An interdisciplinary study that combines psychology and economics to understand the emotional and irrational decisions of consumers

**Big five theory of personality**
A trait theory of personality that contains five factors: neuroticism, extroversion, openness to experience, agreeableness and conscientiousness

**Blamavoidance**
A Murray concept on psychogenic or secondary needs where the person avoids blame by being obedient and well behaved

**Boomerang Generation**
Members of Generation Y, aged 25—34, who still live with their parents for economic and relationship reasons

**Bourgeoisie**
Karl Marx's name for the capitalist class that owns the means of economic production

**Brain wave measurement**
The measurement of emotional and belief structures from the interactions of different parts of the brain

**Brand ambassador**
A celebrity who represents the brand, just like country ambassadors represent their countries in overseas locations

**Brand community**
A group of like-minded consumers who interact with each other and with the brand

**Brand personality**
A set of human characteristics associated with a specific brand: sincerity, excitement, competence, sophistication and ruggedness

**Breastfeeding effect**
A term used in a British study, where breastfeeding is believed to positively influence a child's social advancement

**Buyer's remorse**
A special case of *cognitive dissonance* where a buyer is unsure whether a recent purchase is the best of a complicated or important set of options

**Cantril Self-Anchoring Scale**
A method of measuring social class where participants indicate, on a picture of a ladder, which step from 0 to 10 that they see themselves on currently and then five years later

**Cashed-up bogans**
Blue-collar workers or tradesmen who are financially successful

**Central and peripheral routes to persuasion**
A dual processing theory of persuasion that suggests that marketers should use arguments that stress the attributes of their product (the central route) for high-involvement decisions, and emphasise the presentation of the message for low-involvement decisions

**Centrality**
The relative importance of nodes (or people) in a social network. Measures of centrality include degree (the number of links to a node), betweenness (the number of times a node acts as a

bridge between any two other nodes in the shortest path), closeness (the sum of the shortest paths from a node to all other nodes) and eigenvector (influence of a node based on links to nodes with higher degree)

### Change agent
A representative of a marketing organisation who attempts to influence opinion leaders by pushing information towards those opinion leaders in the expectation that the opinion leader will forward that information to others

### Chunking
Rearranging information so that fewer parts need to be remembered

### Classical conditioning
Where an unconditioned stimulus or cue is associated with an outcome

### Closure
A tendency to perceive whole basic geometrical figures, even when presented with incomplete figures

### Coca-colonisation
Coca-Cola's worldwide expansion used as an analogy to describe the spread of Western brand culture globally

### Cognitive dissonance
The uncomfortable feeling a person experiences when confronted with conflicting beliefs; the conflict requires resolution by changing one or more beliefs

### Cognitive learning
Learning through problem solving in order to gain control over the environment

### Communal consumer
A consumer who values social causes or social marketing activities

### Comparative referent group
A reference group that you have indirect contact with, who may influence through their standards of achievement and lifestyle (also known as a socially distant referent group)

### Compatibility
The degree to which an innovation is perceived as being consistent with existing values, past experiences and needs of potential adopters

### Compensatory rules
Criteria that allow us to trade one or more criteria for others when evaluating alternatives; for example, an attractive feature can compensate for an unattractive feature

### Compliant personality
A Horney concept personality based on moving towards people, which comes from a childhood  development of dependency where a child tries to gain approval from parents and adults (also called a submissive personality)

### Complexity
The degree to which an innovation is perceived as difficult to understand and use

### Compulsive consumers
Those consumers preoccupied with buying, which is revealed through repetitive buying and a lack of impulse control over buying

### Conflict concept
A role theory that implies incompatible expectations against personal norms and skills, which lead to stress, negotiations, conflict resolutions, adjustments to behaviour or viewpoint and compromise or withdrawal from some roles

### Conformity concept
A role theory that is about social imitation, where there is compliance to some expectation; also see instrumental conformity and internalised conformity

### Connected consumer
A consumer who is internet-driven, constantly checking emails and using the internet

### Conscientious consumer
A consumer who makes things, buys locally, considers the environment and gives away unneeded purchases

### Consensus concept
A role theory that theorises that cohesive, longer-lasting groups with shared norms tend to agree on expectations of diverse members (also known as normative consensus)

### Conspicuous consumption
A public display of luxury goods and services to indicate one's income or wealth

### Consumer behaviour
The process of how consumers behave in situations involving goods, services, ideas and experiences

**Consumer expectations**
What is expected to happen as the result of encountering a stimulus

**Consumer ethnocentrism**
The trait of consumers who rate highly and purchase domestic goods because they believe it will help the economy and provide jobs, as well as bolster national pride

**Consumer self-concept**
How the individual perceives himself or herself, consisting of both the actual self (the way we see ourselves), the ideal self (what we hope to become), the ideal-social self (how we would like others to see us become) and the real-social self (how we think others see us)

**Consumer socialisation**
The notion that learning to be a consumer passes from generation to generation

**Co-productive consumer**
A consumer who provides feedback and co-design products for companies

**Corporate social responsibility**
The notion that organisations have responsibilities to their society and consumers (often known as CSR)

**Cougar**
A term to describe an older rich woman who seeks younger men

**Credence goods**
Those products and services that cannot be easily evaluated before purchase—and not even after purchase and consumption; that is, even after you have used a product you can't be sure you got the best deal

**Creolisation**
The integration of foreign elements into local culture

**Crowdsourcing**
A paid or unpaid method to tap into the collective intelligence of peers or the public on online forums and user review

**Cue**
A way to direct consumer drives when they are consistent with consumer expectations; consumers use cues as short cuts in the evaluation process

### Cues

Small bits of information used to infer other properties of a stimulus; common cues in consumer behaviour include price, brand name, country of origin and packaging

### Cultural capital

A British term to describe social connections and organised groups; also, a term by French sociologist Bourdieu to describe social class through cultural interests in books, concerts, museums, art, sport and theatre, as well as through social connections

### Cultural socialisation

The continuous process of learning and disseminating cultural habits and values

### Culture codes

A Rapaille theory about emotional cultural experiences acquired from young and imprinted in our subconscious to influence our behaviour as adults

### Cumulative distribution

In diffusion theory, an S-shaped curve showing the total number of new adopters over time

### Defence

Increased awareness as the result of threatening stimuli

### De-marketing

A marketing activity that aims to *decrease* consumption, such as drugs and binge drinking

### Detached personality

A Horney concept of personality based on moving away from people and society; people with a detached personality neither want to fight nor belong to others

### Deviant consumer

A consumer who deviates from accepted behaviour, such as engaging in shoplifting

### Diffusion of innovations

A theory that every market has groups of customers with different knowledge and willingness to adopt a new product; an innovative product spreads (diffuses) through a market over time as people become more aware of the innovation, and are able to adopt

### Disconnected consumer

A consumer who chooses certain periods to disconnect from the digital world

**Dissociative reference group**
A group that you wish to dissociate from or discriminate against, such as trolls, cyber-bullies, drug addicts or drug cheats, gamblers and smokers

**Distributed learning**
A learning schedule spread over a longer period of time; used by advertisers to encourage long-lasting, repeat purchase behaviour

**Dogmatism**
The extent to which a person can react to information in the environment on its own merits; a highly dogmatic person is less concerned about ambiguous information if it is presented by prestigious communicators or authority figures; dogmatic consumers also have strong beliefs

**Door-in-the-face**
A behavioural change strategy that takes advantage of people's tendency to concede to a smaller request after they have refused a larger request

**Duncan Socioeconomic Index**
A method of measuring social class that scores occupational status from 0 to 100 by combining  education and income levels of occupations listed in the 1950 US Census

**Economic capital**
A term for wealth

**Ego**
A conscious system of self-control and responsibility over the drives of the id; the ego is rational and operates at the conscious level, weighing actions with consequences (compare with id and superego)

**Ego-defensive function of attitude**
The function that defends our self-image against conflicting attitudes and behaviour

**Elaboration likelihood model**
A theory that suggests that a person's level of involvement during message processing is critical in determining which route to persuasion is likely to be effective

**Emergency problems**
Unexpected problems that must be dealt with immediately

**Emotional appeal**
An advertising appeal related to social or psychological needs such as happiness, sorrow, love, excitement, pleasure, fear, self-esteem and achievement

**Emotional quotient**
A Covey concept on human nature's emotional needs of the heart

**Encoding**
The selection and assignation of a word or visual image to represent a perceived object

**Enculturation**
The process of learning more about our own culture

**Endogamy**
Marrying within the same clan

**Equity**
The consumer's belief that she got a fair deal; that is, the belief that she didn't pay too much to the seller, or that other buyers got much the same treatment

**Ethnocentrism**
A belief that your culture is superior to others. Also, the view of things in which one's own group is the centre of everything, and all others are scaled with reference to it

**Ethnographic research**
An in-depth process of observation and interviews in the consumers' environment to gain deep insights

**Evaluated participation**
A Warner method of measuring social class, where participants are interviewed extensively about perceived reputations of people, and interaction patterns are then evaluated

**Evoked set**
The set of brands from among all possible brands in a category that is known to the consumer

**Evolving problems**
Unexpected decision situations that can be postponed while a consumer gathers information in a leisurely way

**Exogamy**
Marrying outside the clan

### Expectancy-value theory
The theory that attitudes can be defined by what a person expects of an object and what value is placed on those expectations; frequently, expectancy-value theory is measured with the attitude towards the object model

### Expectations
A key component of consumer satisfaction or dissatisfaction; when performance meets expectations there is a confirmation of expectations (the consumer is satisfied), but when performance falls short of expectations there is disconfirmation of expectations (the consumer is dissatisfied)

### Experience goods
Those products and services where the value of features cannot be easily determined before purchase but value can be seen after consumption

### Experiential consumer
A consumer who seeks non-digital experiences such as live events and travelling

### Exposure
The first stage of perception where consumers are exposed to a message

### Extensive problem solving
An elaborate problem-solving process that's likely to occur when the customer is purchasing a product that he has very little experience with, and which personally is very important

### External search
Looking beyond one's personal experience for information about a product category or service (friends and family, online reviews, and advertising, salespeople and websites)

### Extended family
A household with parents, siblings, grandparents and even aunts, uncles and cousins

### Extrinsic motivation
Motivation to do something because of some external demand, regulation, sanction or outcome

### False memory
A memory of an event, object and object property that did not occur

### Fast-moving consumer goods (FMCG)
Consumer goods that are non-durable, such as dairy items

**Figure and ground**
Basic encoding where the main or salient stimulus is sorted from the background information

**Fixated consumers**
Highly involved consumers with a deep interest or passion for a particular consumption activity

**Foot-in-the-door**
A behavioural change strategy that takes advantage of people's tendency to continue with an agreement even when the terms of the agreement change; when a person agrees to a small request, she is more likely to agree to a larger request

**Generalised attitude measure**
A measure of overall favourable or unfavourable evaluation of an object—usually the sum of six semantic differential scale items

**Generation X**
The generation born between 1965 and 1977, which values balanced lifestyles, personal responsibility, multiculturalism and global thinking (also known as Latchkey Generation)

**Generation Y**
The generation born between 1977 and 1994, which values independence, autonomy and social networking (also known as the Millennial Generation, Net Generation or iPod Generation)

**Generation Z**
The generation born after 1994, which values high-tech information sources and peer acceptance

**Glocolisation**
A process where global firms localise their overseas marketing activities

**Greenwashing**
An organisation's insincere way to express concern about the environment

**Habit**
Behaviour that is automatic—done with no, or very little, thought; breaking a habit requires deliberate and difficult effort, and over time a new behaviour becomes habit

**Halo effect**
A cognitive bias whereby the perception of a particular trait, or cue, is influenced by the perception of the former traits in a sequence of interpretation; also a situation where positive impression of a brand rubs off onto other activities of the brand

**Heterogamy**
Marriage outside one's cultural group or social class

**Heuristic**
A 'rule-of-thumb' strategy used to shorten decision-making time and reduce cognitive load; results of heuristic evaluations may not be optimal, but they usually are acceptable

**Hierarchy of effects**
A sequence of steps taken by a decision-maker to achieve a goal; often this is a simplifying assumption made by the researcher or the marketer to make their work easier, rather than a representation of reality for all decision-makers

**Homogamy**
Marrying within the same social class (also known as assortative mating)

**Hoon**
A driver who speeds dangerously and excessively

**House brands**
These are brands of the 'house' or retailer compared to manufacturers' brands. House brands are also known as home, store, generic or private label brands

**Id**
The passions and instinctual drives of the subconscious; the id is irrational and acts on the pleasure principle (compare with ego and superego)

**Implicit association test (IAT)**
An indirect measure of overall evaluation of an object that takes advantage of the tendency of people to respond quickly to questions that are more important and slowly to questions that cause emotional or memory difficulty

**Index of status characteristics**
A Warner method of measuring social class that maps out the socioeconomic factors of occupation, income source, housing type and dwelling location

**Individual consumer**
A consumer who prefers customised offerings to express their individual uniqueness and personality

**Individualism–collectivism**
A Hofstede concept where a society generally has an 'I' or 'we' culture

**Indulgence versus restraint**
A Hofstede concept where a society has either strict or flexible social norms

**Inept set**
The subset of brands from the evoked set that are unacceptable to the consumer

**Inert set**
The subset of brands from the evoked set to which the consumer is indifferent

**Infavoidance**
A Murray concept on psychogenic or secondary needs where the person avoids failure and humiliation

**Infomercial**
The television equivalent of an advertorial

**Information overload**
When people are presented with too much information and then have difficulty encoding and storing it

**Informational influence**
Influence that occurs when we informally seek information from knowledgeable and credible reference groups to enable us to make informed decisions

**Innovativeness**
The degree to which an individual makes innovation decisions independently of the communicated experience of others

**Instrumental conditioning**
A process through which an individual learns to perform behaviours that produce positive outcomes and avoid behaviours that yield negative outcomes (also known as operant conditioning)

**Instrumental conformity**
A role theory of conformity that suggests that people conform to avoid sanction for non-compliance from someone with more authority; also see internalised conformity

**Intelligence quotient**
A Covey concept on human nature's intellectual needs of the mind

### Interference

An impediment to memory retrieval that occurs when something learned gets in the way of a new piece of information

### Internal search

The simplest and least costly way of gathering information, it involves scanning one's memory to recall previous experiences with products or brands

### Internalised conformity

A role theory of conformity that suggests that people feel it is right to accept the norms of others; also see instrumental conformity

### Interpretivist research

Research that is qualitative, subjective, involved and constructivist

### Intrinsic motivation

Motivation to do something for inherent challenge, fun, interest and satisfaction without external pressure or reward

### Involvement

An intensity of interest and is a form of arousal related to a motivational state

### Just noticeable difference (JND)

The amount of a stimulus needed for a consumer to tell a difference

### Justification of effort

A form of cognitive dissonance where we tend to increase the perceived value of those things that we have had to work hard for

### Kleenex culture

The culture of throwing things away

### Knowledge function of attitude

The function that enables us to know the world; it serves to define what is worth knowing and how to judge its value

### Latchkey generation

A Generation X term about children whose working parents leave the outer door key somewhere outside the house

### Learning

A relatively permanent change in behaviour that is linked to experience

**Learning by physical behaviour**
Learning how to accomplish tasks such as swimming, cooking and driving a car

**LGBT community**
The lesbian, gay, bisexual and transgender segments

**Limited problem solving**
An approach characterised by low levels of perceived risk and involvement, so that little search is undertaken and information is processed in a passive, uncritical way

**Locus of control (LOC)**
A personality trait that encompasses an individual's belief about the level of control they have over their environment

**Long-term memory**
A storehouse of information that lasts for a long time; elaborative rehearsal is required

**Long-term orientation**
A Hofstede concept where a culture's focus is on either quick results or long-term achievements

**MacArthur Scale of Subjective Social Status**
A variation of the Cantril Self-Anchoring Scale, which asks people to place an X on the ladder in terms of how they see themselves against others in the USA and in their community

**Macro consumer behaviour**
Research that focuses on the social effects of marketing activities and buying on culture and societal well-being, rather than on individual purchase behaviour (compare with micro consumer behaviour)

**Marginalised consumer**
Relates to the seller's market in the post-war years, where sellers produced goods and services without consulting consumers

**Market maven**
An extremely knowledgeable influencer who interacts with consumers on diverse product information and where to shop

**Masculinity–femininity**
A Hofstede concept where a culture is generally competitive or consensus-oriented

**Masochistic behaviour**
Deriving pleasure from pain

**Massed learning**
Learning that's concentrated in time

**Masstige**
A term meaning 'mass prestige', where prestigious luxury brands have increased sales by appealing to mass markets

**Memory**
The way we store and relate information and events to each other

**Micro consumer behaviour**
Research that focuses on the effects of marketing on individual purchase behaviour, rather than the societal impact of such behaviour (compare with macro consumer behaviour)

**Minimalist consumer**
A consumer who reuses goods, buys second-hand products and participates in car-sharing schemes

**Mobile ethnography**
A variation of ethnographic research through the participation of mobile phone users

**Modelling**
The process of learning cultural and social activities by simply imitating the behaviours or example of others

**Mombassadors**
US mothers who are brand advocates on social media by discussing and uploading brand advertisements and relevant brand content

**Motivation and opportunity as determinants (MODE) model**
The idea that we may only bring out of memory a limited number of attitudes related to a situation; if we are not motivated to bring up relevant memories, and then have the opportunity to exercise this motivation, our behaviour will be spontaneous and ill-considered

**Motivation to learn**
Motivation based on needs and goals; a catalyst for learning

**Motivational research**
Qualitative research to uncover consumer motivations, popularised by Dichter in the 1930s

**Multi-headed consumer**
A model of thinking that considers the different need-states of the consumer, depending on the context of the environment, the situation, external factors and emotional needs; for example, a consumer who orders beer and wine in the same pub on different occasions

**Mutable consumer**
A twenty-first-century consumer who is a thinking person who dynamically constructs multiple identities continually over time and space; for example, a consumer may be a family member, a cook and an internet surfer

**Need for cognition (NFC)**
The joy a consumer obtains from thinking; consumers with a high NFC prefer detailed printed information about products, and advertising copy that stresses arguments and reasons for purchases

**Need for uniqueness (NFU)**
An individual's pursuit of differentness relative to others that is achieved through the acquisition, utilisation and disposition of consumer goods for the purpose of developing and enhancing one's personal and social identity

**Nested decision**
A purchase decision that is restricted by the effects of previous decisions

**Netnography**
A variation of ethnographic research to observe online communities faster, cheaper and more naturally than traditional face-to-face ethnography (also known as online ethnography, virtual ethnography and web ethnography)

**Network effect**
The value that a user has on the overall value of a product to other people. The more people who use the product or service, the greater its value becomes to the group

**Non-compensatory rules**
The 'non-negotiable' criteria that must be met when evaluating alternatives

**Non-profit institution**
An organisation that organises charitable, cultural, educational, political, recreational, social or sporting activities on a non-profit basis

**Normative referent group**
A reference group you have direct contact with, who may influence through their norms, values and attitudes (also known as a socially proximal referent group)

**Nouveau riche**
The 'new rich' segment who may have wealth and conspicuous consumption but are seen to lack good taste

**Nuclear family**
A traditional group of mother, father and child (or children)

**Observability**
The degree to which the results of an innovation are visible to others

**Opinion**
The verbal expression of an attitude; an opinion may not truly reflect an attitude because of the human tendency to censor our actions when the attitude does not reflect well on us personally

**Opinion leader**
A person whose knowledgeable and insightful views we value as the basis for our thinking and decisions

**Optimum stimulation level (OSL)**
An 'arousal seeking tendency', where every consumer prefers a certain level of stimulation

**Perceived behavioural control**
Attitude towards one's own ability to carry out a behaviour, as given by perceived capacity and autonomy: perceived capacity or beliefs about one's ability to carry out an action, moderated by perceived ability to exercise that control

**Perception**
The way in which information is acquired from the environment via the sense organs, which is then transformed into experiences such as events, sounds and tastes

**Perceptual encoding**
The process of assigning mental symbols (words, phrases, numbers etc.) to sensations to derive meaning from or remember stimuli

**Perceptual integration**
The last stage of the perceptual process of moving from a basic encoding of a stimulus to integrating with what we know from memory and learning

**Personality**
The unique psychological characteristics of a person; the consistent way in which a person responds to their environment

**Phishing**

False emails that trick consumers into revealing their credit card information

**Physical quotient**

A Covey concept on human nature's needs of the body

**Planning problems**

Problems that can be seen ahead of time when there is time to make a decision

**Positivist research**

Research that is quantitative, objective and emotionally detached

**Power distance**

A Hofstede concept where people in a culture generally accept or reject distributions of power

**Preferential consensus**

A role theory that suggests that groups share similar attitudes, common stimuli and equitable social status; such groups tend to meet regularly over coffee or a meal, or travel together

**Private sector**

A sector made up of commercial companies that market goods, services and experiences to consumers and also to private, public and non-profit sectors

**Projective technique**

A technique used in qualitative motivation research to enable consumers to project their hidden consumer motivations through storytelling, collage, guided imagery, metaphors, sentence completion, drawings and word associations

**Proletariat**

Karl Marx's name for the working class that provides labour

**Proximity**

Stimuli that are placed near each other tend to be associated with each other

**Psychoanalytic methods**

Qualitative motivational research to discover latent subconscious motivations

**Psychogenic needs**

A Murray concept to indicate secondary needs influenced by environmental forces

**Public sector**
A sector that provides government services for consumers and organisations, such as electricity, gas and water

**Rational appeal**
An advertising approach that connects with the rational brain by emphasising functional needs such as product unique features, competitive advantages, price, a newsy element and brand popularity

**Reactance**
An emotional response to a perceived threat to autonomy; a person is likely to try to 'push back' in some way in order to regain some control

**Reference group**
A person or group, real or fictitious, who influences the attitudes, behaviour, standards and values of other people

**Rehearsal**
A process of mentally or physically repeating information in short-term memory, so that is more likely to be stored in long-term memory

**Reinforcement**
Repeated events that increase the likelihood a response will occur in the future as a result of a cue or stimulus

**Reinforcement schedule**
How frequently consumers are reminded about stimulus associations or outcomes of behaviour, usually by advertising

**Relative advantage**
The degree to which an innovation is perceived as better than the idea it supersedes

**Research paradigm**
A particular research approach, such as positivist or interpretivist research

**Resourceful consumer**
A consumer who engages in online auctions, selling to online communities and buying used goods online

**Response**
How consumers react or behave to a motivational drive or a cue

### Retention in memory
The storage of information and events in long-term memory, which occurs as the result of the process of activation

### Role overload
A role theory that suggests that some people overload with too many roles and expectations

### Role-playing
Where people in small groups are encouraged to 'play' at being in another specific role for a short time; the actor tends to take on the values and attitudes of the person in that role

### Role-taking concept
A role theory that suggests that we take on roles as part of social interaction and a means for self-development

### Routine problems
Problems that require little search and evaluation because the decision has been made before and is just repeated

### Sadomasochism
A Murray concept on psychogenic or secondary needs where the person is aggressive and abrasive

### Sandwich Generation
Another name for some Baby Boomers and Generation X segments who are financially burdened by simultaneously supporting a parent and a young or grown child

### Satellite consumer
Relates to the period in the 1970s and 1980s when the consumer was considered a moon drawn towards the brand planet, where marketers developed a brand-centric model to pull consumers to brands; includes the notions of brand repertoire, brand positioning, brand equity and brand personality

### Schema
The total package of associations brought to mind when a cue is activated

### Search goods
Those products and services where it is easy to see the features and judge their quality and value

### Secretive consumer
Relates to the notion that consumers have hidden motivations; hence interpretivist researchers in the 1960s used motivational research to understand the consumer more

### Self-ethnography
A variation of ethnographic research where consumer participants capture their behaviours through their mobile phones and participate in an online platform through photography and video uploads, SMS updates and reflection on the process

### Sensation
The immediate response of our sensory receptors to basic stimuli such as light, colour, sound, odours and texture

### Sensory memory
Temporary storage of information we receive from our senses

### Sensory threshold
The level of sensation that is detectable or noticeable

### Servicescape
The effect of the physical surroundings on the quality perceptions of the service encounter

### Shaping
Changing behaviour by a series of smaller learning steps, usually through reward or punishments

### Sharpen the saw
A Covey concept on energising the whole person or spirit through frequent self-renewal mentally, emotionally, physically and spiritually

### Short-term memory
A memory that occurs in a limited period of time and has a limited capacity; it requires rehearsal

### Showroomers
Transitioning shoppers who search store showrooms but purchase online

### Silent Generation
The generation born between 1930 and 1945, which values family togetherness, conformity and health

**Similarity**
A form of encoding whereby consumers group together objects that are physically similar in some way

**Small world network**
A type of network graph in which most nodes are directly connected to each other, but most nodes can be reached from any other by a small number of steps

**Social bubbles**
Networks of social interactions that lead to widespread support for an innovation

**Social capital**
A term to describe education, cultural activities and leisure time

**Social character**
A personality trait that on continuum varies from an emphasis of inner direction (contemplation and inner values) to outer direction (looking to others for guidance and direction)

**Social consumer**
A consumer who uses social media to connect with family, friends, companies and institutions

**Social habits**
Beliefs, customs, rituals, symbols and traditions that we acquire from a young age

**Social indices**
One of three Hollingshead methods of measuring social class: the Four Factor Index of Social Position; the Two Factor Index of Social Position; and the Three Factor Index of Social Position

**Social mobility**
The movement from one social class to another

**Social values**
Values such as family, relatives, friendship, religion, health, continuous learning, fairness, trust and so on

**Socialisation**
Learning to interact from a young age with our parents, siblings, relatives, neighbours and strangers

**Socio-Economic Indexes for Areas**
A method from the Australian Bureau of Statistics to rank geographic areas based on data from the 2011 Census

**Sophisticated consumer**
Someone who 'consumes' advertising and experiences as well as goods and services

**Spiral effect**
A widening movement that helps with innovation diffusion in society

**Spiritual quotient**
A Covey concept on human nature's needs of the spirit

**Statistical consumer**
Relates to the buyer's market in the 1950s, with positivist research methods used to quantitatively determine what consumers wanted

**Stereotype**
A means of classifying that helps to simplify judgements when information is lacking or when there is an overload of information (also known as summary construct)

**Steven's power law**
An exponential power law of attention whereby up to a point of inflection, any subsequent changes in stimuli are not apparent to the consumer

**Stimulus discrimination**
The selection of one stimulus from among similar stimuli

**Stimulus generalisation**
Responding the same way to slightly different stimuli

**Strong ties**
Connections among two or more people that have close and frequent contacts; strong ties are more trusted and share more information than other people

**Subjective norms**
Beliefs about what other people think; normative beliefs are moderated by motivation to comply with those other people

**Subliminal perception**
Presenting a stimulus below the level of conscious awareness in an attempt to influence behaviour and feelings

**Succorance**
A Murray concept on psychogenic or secondary needs where the person has an adhering attitude

**Sugar daddy**
A term to describe an older rich man who seeks younger women

**Superego**
The restrictions and prohibitions on behaviour placed on people initially by parents and then by significant others

**Surrogate consumer**
An external shopping specialist who purchases for another person expensive things such as furniture and furnishings to decorate a home

**Susceptibility to interpersonal influence (SII)**
The need to identity with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands

**Symbolic learning**
Learning the meanings of symbols; symbols allow marketers to communicate with consumers through brand names and slogans

**Tall poppy syndrome**
A culture in Australia and New Zealand where less successful, envious people want to bring the 'tall poppies' or high achievers down to the common level by demeaning them

**Techno-class**
A social class of people in this technology age

**Teleological**
One of McGuire's sixteen motives that describes cognitive-passive outcomes

**Theory of planned behaviour**
A more complicated and more useful extension of expectancy-value theory where behaviour is a function of behavioural intention, which in turn is affected by three distinct groups of attitudes that combine to affect behavioural intention: attitudes towards the behaviour itself; attitudes towards what other people think of you doing the behaviour; and attitudes towards your own ability to carry out the behaviour

**Tradies**
A term to describe skilled labourers

**Trialability**
The degree to which an innovation may be experimented with on a limited basis

**Trait theory**
A theory of personality that relies on the measurement of personality, rather than clinical and qualitative insights

**Tripartite model of attitude**
The theory that most attitudes have three parts: how we think about an object, how we feel about that object and what we'd like to do about that object; these components are generally given the titles cognition (thinking), affect (feeling) and conation (willing)

**Uncertainty avoidance**
A Hofstede concept where a society tolerates or rejects an uncertain future

**Uncertainty orientation**
The degree to which a consumer accepts ambiguity and doubt in the marketplace

**Unsought services**
Services that consumers do not usually seek, such as funeral services and donating blood

**Utilitarian function of attitude**
The function that enables us to gain rewards and avoid punishment

**Utilitarian influence**
Influence based on norms, when we conform to useful social norms of reference groups on appropriate behaviour in order to be socially accepted—and not be ridiculed or punished for doing the wrong thing (also known as normative influence)

**Value-expressive function of attitude**
The function that enables us to express who we are and what we believe in

**Value-expressive influence**
Influence that occurs when you internalise or identify with the values of a group that reflects your self-image (also known as identification influence)

**Vampire effect**
The effect when celebrities 'suck out the product's blood' because there is no distinct relationship between the celebrity and the brand, resulting in consumers remembering the celebrity rather than the endorsed product

**Vigilance**

Being sensitive to stimuli or information that satisfy motives

**Viscerogenic need**

A Murray concept to indicate primary needs of air, water, food, sex, bodily functions, relaxation, rest, sleep, and avoidance of harm, heat, cold and pollutants

**Weak ties**

Occasional or infrequent contacts among people; weak ties may not be well known but they are sources of new information not found within one's usual circle of friends and family

**Weber's law**

That the change in a stimulus that will be just noticeable is a constant ratio of the original stimulus

**Xenophobia**

An intense dislike of foreign cultures

**Zaltman's metaphor elicitation technique**

A patented process using metaphors to elicit the inner thoughts and feelings of consumers towards a product category

**Zone of tolerance**

The range of performance around which a consumer expects to normally experience