

PEARSON NEW INTERNATIONAL EDITION

Marketing
Defined, Explained, Applied

Michael Levens

Second Edition

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Pearson New International Edition

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physical activity could lead to more people eventually developing an interest in endurance sports. Many subcultures exist in the United States, including a wide range of ethnic and age groups, as well as religious, gender, professional status, and geographic subcultures.

By 2050, it is estimated that over 47% of the U.S. population will be composed of ethnic minorities.[19] Today, ethnic minorities account for more than 50% of the population in 48 of the 100 largest U.S. cities.[20] Hispanics and Asians will account for more than 45% of population growth in the United States through 2020.[21] The Asian population, the most affluent U.S. subculture, is growing at a rate of 9% annually, faster than Hispanics, but Hispanics are the largest minority in the total population.[22] African Americans have been supplanted as the largest minority group, and the African American population segment is growing at a much slower rate than Hispanics.

The subculture implications for marketers are that the various ethnic minorities do not necessarily follow general market-consumption patterns. AT&T has developed marketing programs to meet the needs of over 30 different cultures in 20 languages.[23] A unique marketing mix is necessary for each group, and there are opportunities to make a brand stand for different things to different groups, although at a significant cost.[24]

There is yet another factor when considering the ethnic minority subcultures. In 2000, seven million Americans considered themselves mixed-race, as recorded by the U.S census.[25] More mixed-race babies are born in Washington, California, and other western states than any other group except Caucasians.[26] Prominent individuals such as Tiger Woods, Keanu Reeves, Christina Aguilera, Alicia Keys, and Anne Curry all identify themselves as mixed-race.[27]

EXAMPLE **SUBCULTURE**



Matt Kelley, a 19-year-old freshman at Connecticut's Wesleyan University, launched MAVIN magazine in 1999. At the time of its inception, it was the only magazine dedicated to mixed-race people and families. Today, the MAVIN Foundation is involved in communities across the country through awareness-building and educational activities.[28]

PHOTO: Monkey Business Images/Shutterstock.

>> END EXAMPLE

The youth market can also be considered a subculture. Fifty million 13- to 23-year-old consumers spend over $150 billion annually.[29] However, the youth market influences a far greater number of expenditures by other people. Teenagers and young adults ages 13–21 exert varying degrees of influence on family decision making regarding different product or service categories.[30] In the clothing sector 89% decide or influence the purchase decision, 77% of 13- to 21-year-olds influence software decisions, and 61% influence vehicle purchase decisions.[31]

America's youth have generally been exposed to a greater variety of cultures than previous generations.[32] These diverse cultures are often integrated into the lives of the youth market and diverse messages are welcome and expected. Is it these youth who are defining diversity, as opposed to marketers?[33]

Groups

Throughout their lives, individuals will be influenced by a variety of groups. The extent of the influence will vary by group. Initially, group influence will come from one's parents, which will then expand to small groups of friends, and then to activities and organizations. In a particular group, there are standards of behaviors called **norms** that are imparted to members; norms in a group define membership in the group. One can also perform a particular role or roles within a group. In a group context, **roles** are specific actions expected from someone in a group as a member or from a particular position held. Through either belonging to or holding a position within a group, one can achieve status. **Status** is the position of one individual relative to others.

A **reference group** consists of people who directly or indirectly influence how an individual feels about a particular topic. Reference groups can provide a new perspective on how to live one's life. Businesses that understand the reference group dynamic can work through reference groups to link their products and services with changes in lifestyle. Within a given reference group are opinion leaders who can serve as the connection between consumers and businesses. **Opinion leaders** are individuals who have the greatest influence on the attitudes and behaviors of a particular group. The fact that consumers often look to opinion leaders for insight and direction provides marketers with opportunities to work through opinion leaders either directly, through paid activities, or simply by tracking consumer reactions to evolving trends. Opinion leaders can include celebrities, experts, or others who possess characteristics that individuals admire or respect. Social media, such as blogs, wikis, or networking sites, provide a forum for opinion leaders to establish their positions. For those opinions already established, social media provide a mechanism to quickly communicate perspectives on various topics.

EXAMPLE **GROUPS**



The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), founded in 1955, is a voluntary federation of 56 national and international labor unions. The AFL-CIO union movement represents 11.5 million members of the 15.4 million union members in the United States and includes a variety of professions including farm workers, engineers, pilots, doctors, and painters. The AFL-CIO encourages its membership to support its priorities, which include " . . . creating family-supporting jobs by investing tax dollars in schools, roads, bridges and airports; improving the lives of workers through education, job training and raising the minimum wage; keeping good jobs at home by reforming trade rules, reindustrializing the U.S. economy and redoubling efforts at worker protections in the global economy; strengthening Social Security and private pensions; making high-quality, affordable health care available to everyone; and holding corporations more accountable for their actions." The AFL-CIO also encourages its membership to support political candidates and legislative actions that support the organization's agenda. In the recent health care debate, AFL-CIO members made over 4 million phone calls in support of the legislation.[34]

PHOTO: James R. Martin/Shutterstock.

>> END EXAMPLE

Social Class

Social classes are characteristics that distinguish certain members of a society from others, based on a variety of factors, including wealth, vocation, education, power, place of residence, and ancestry. Social classes are based on shared life experiences. Many countries have a series of social class ranks that stratify individuals in one class above or below individuals in another class based on factors such as those previously mentioned. It is possible to change membership in a social class, such as an income class, but in some cases changing social class is not possible. For example, you cannot change family history. Membership in a particular social class generally influences how one presents oneself to society and influences consumer behavior in many lifestyle-related categories. Individuals in a particular social class may adopt purchasing behaviors that are reflective of general behavior of their peers in the same social class.

Gender Roles

Society defines expectations of appropriate attitudes and behaviors for men and women. Different societies have different gender roles that can affect the workplace and home. Gender roles can change or evolve over time. Only half of all women between the ages of 25–54 worked outside the home just 40 years ago; now that number is over 80%. Gender roles also differ depending on sexual orientation and gender identity.

Family

Family members are the first influencers of group behavior on an individual. The family group is considered one of the most important influencers of consumer behavior. Just as with other groups, there is normative behavior and distinct roles of family members. Norms and behavior can vary from one family to another and can evolve from one's birth family to one's family constructed through choice later in life. In a traditional family structure, one spouse can handle decision making for virtually all decisions, the decision making can be product and service specific, or both spouses may jointly make decisions. The construction of families has changed greatly from the traditional married household with children, and now includes same-sex households with or without children and an increasing number of single households.

CONSUMER Problem Solving

DEFINED **Consumer problem solving** *is how someone comes to a conclusion about a situation. This is determined by what kind of decision a consumer is facing.*

EXPLAINED

Consumer Problem Solving

Problem solving can be classified into three categories: limited problem solving, significant problem solving, and routine response problem solving. **Limited problem solving** occurs when a consumer is prepared to exert a certain amount of effort to make a purchase decision. This situation can occur when a consumer has considerable experience with a category and then encounters a new product option. **Significant problem solving** occurs when a consumer is prepared to commit considerable effort to make a purchase decision. This type of problem solving occurs when a new product is encountered that possesses characteristics that cause a consumer to reflect on his or her current perceptions of a category. Another scenario that warrants significant problem solving occurs when the product is expensive and there are great implications if a poor choice is made. **Routine response problem solving** occurs when a consumer has a well-developed process associated with fulfilling a need or want. An example of this problem-solving process is when a consumer purchases a new DVD from a series with which the consumer is familiar and enjoys. Each type of problem solving involves some level of risk. The more problem solving is involved in decision making, the more risk that must be managed.

APPLIED

Consumer Problem Solving

In practice, businesses constantly try to position products in such a way that the problem-solving process works to their advantage. If a business has a strong position in a particular market, that business is trying to make as many purchases as routine as possible. Alternatively, if a business is trying to grow significantly in a market, management may concentrate efforts on making consumers reconsider the characteristics that define the product category with respect to the attributes of its products or services.

EXAMPLE **CONSUMER PROBLEM SOLVING**



Eco-labels such as Energy Star, Fair Trade Certified, and the recycled logo are being used by a wide range of companies, including Marriott, Kohl's, and Hewlett-Packard (HP), to differentiate their products from competitors. Responding to consumer demand for more socially and environmentally friendly products, HP has created its Eco Highlights label for select HP products. Through disclosing energy-saving features and certifications, HP intends to help businesses and consumers "reduce the environmental impact of their imaging and printing." By focusing on the eco-friendly characteristics of its products, HP is hoping that consumers will prefer its "green" products to those of competitors.[35]

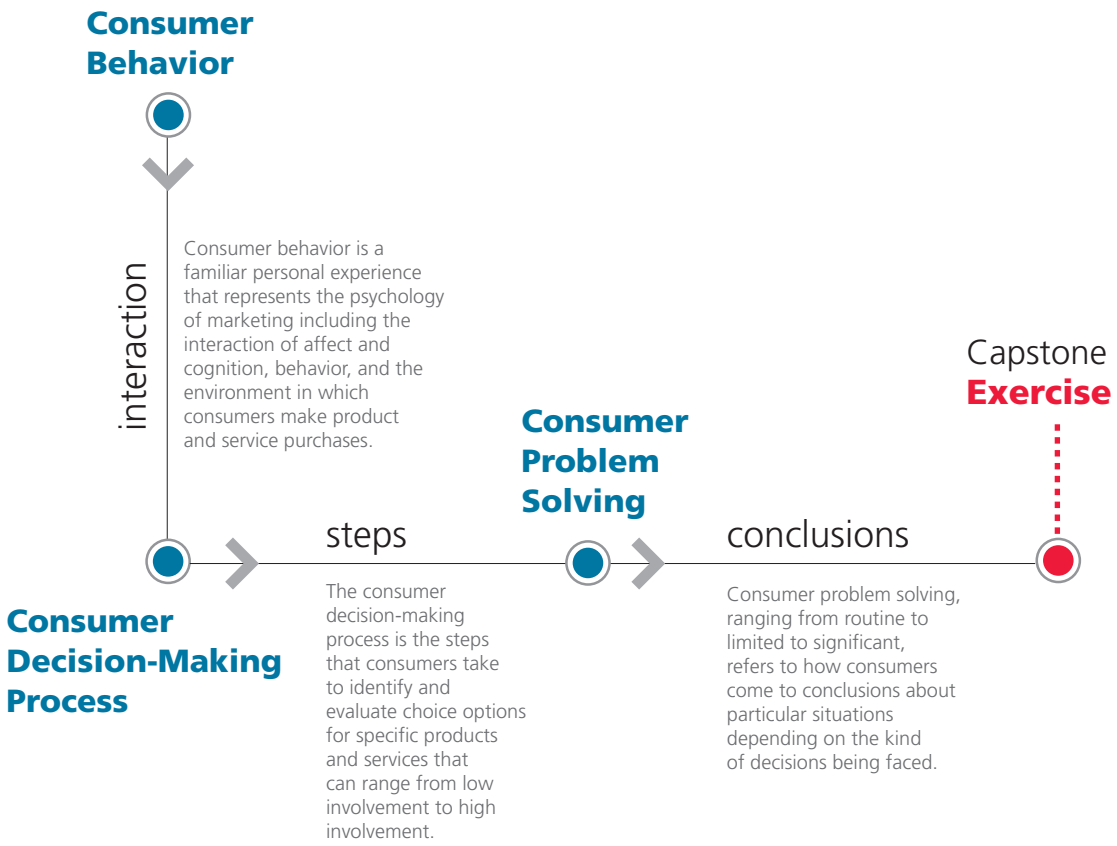
PHOTO: Arcady/Shutterstock.

>> END EXAMPLE

Visual Summary

Summary

The concepts underlying consumer behavior are built on value creation and customer relationship management. Companies that understand the factors that influence consumer behavior as it is expressed through decision making can implement strategies based on consumer behavior. Decision making is influenced by personal, psychological, situational, and social factors. A consumer's decision-making process includes five main steps: problem/opportunity recognition, information search, evaluation of alternatives, purchase decision, and postpurchase evaluation. Depending on the type of decisions being made, certain levels of problem solving can occur, including limited problem solving, significant problem solving, and routine response problem solving. A commitment to understanding consumer behavior and implementing consumer behavior-based strategies can provide a business with the information necessary to create financially rewarding relationships with consumers.



Chapter Key Terms

Consumer Behavior

Consumer behavior *is the dynamic interaction of affect and cognition, behavior, and the environment in which human beings conduct the exchange aspects of their lives.* **Opening Example**

Key Terms

Psychology involves the study of the mind.

Social psychology is the process to understand social phenomena and their influence on social behavior.

Consumer Decision-Making Process

Consumer decision-making process *is the steps that consumers take to identify and evaluate choice options.* **Example: Consumer Decision Making** **Example: Purchase Environment** **Example: Digital Environment**

Key Terms

Attitude is a state of readiness, based on experience that influences a response to something.

Belief is a sense of truth about something.

Cognitive age, also referred to as subjective age, is the age that a person feels.

Cue is an environmental stimulus that influences a particular action.

Culture refers to the shared values, beliefs, and preferences of a particular society.

Drive is an internal stimulus that encourages action.

Learning is knowledge that is acquired through experiences.

Life stages are similar life events experienced by groups of individuals of varying chronological and cognitive ages. **Example: Age and Life Stage**

Lifestyle is a way of life that individuals express through choosing how to spend their time and personal resources.

Motivation is the set of conditions that creates a drive toward a particular action to fulfill a need or want.

Norms are standards of behaviors imparted to members of a particular group that define membership.

Opinion leaders are those individuals who have the greatest influence on the attitudes and behaviors of a particular group. **Example: Groups**

Perception is a cognitive impression of incoming stimuli that influences the individual's actions and behavior.

Personality involves a sense of consistency, internal causality, and personal distinctiveness.

Reference group consists of people who directly or indirectly influence how an individual feels about a particular topic. **Example: Groups**

Reinforcement is a reduction in drive resulting from a positive response experience.

Response is a consumer's reaction to his or her drive and cues.

Roles are specific actions expected from someone in a group as a member or from a particular position held.

Self-identity is the understanding by an individual that he or she is unique. **Example: Age and Life Stage**

Social classes are characteristics that distinguish certain members of a society from others, based on a variety of factors, including wealth, vocation, education, power, place of residence, and ancestry. **Example: Affluence**

Status is the position of one individual relative to others.

Subcultures are groups of people, within a broader society, who share similar behaviors and values. **Example: Subculture**

Subliminal perception is the processing of stimuli by a recipient who is not aware of the stimuli being received.

Consumer Problem Solving

Consumer problem solving *is how someone comes to a conclusion about a situation. This is determined by what kind of a decision a consumer is facing.* **Example: Consumer Problem Solving**

Key Terms

Limited problem solving occurs when a consumer is prepared to exert a certain amount of effort to make a purchase decision.

Routine response problem solving occurs when a consumer has a well-developed process associated with fulfilling a need or want.

Significant problem solving occurs when a consumer is prepared to commit considerable effort to make a purchase decision. **Example: Consumer Problem Solving**

Capstone Exercise

This chapter deals with consumer behavior. The issue in this chapter is to understand the factors that influence a person's buying decisions. Why do people buy what they buy? For example, why would one woman spend $200 on a sweater when another comparable sweater could be bought for $50? To explore the buying process and how it works, it is helpful to talk to an individual who has bought a product or service and then dissect the buying decision.

This chapter's exercise is to interview two people who are not members of your marketing class. Preferably, the people should be from different demographic groups—age, income, education, and occupation. Don't just pick your fellow students, or that will skew your findings. Of the two people, one needs to have made a purchase decision of $25 or less, and the other a purchase decision of $100 or more. Evaluate and prioritize the information that influenced their purchase decisions.

Your task is to "get in the person's head." Try to understand why they bought what they did. Question the reasons they used to make their decisions.

Write a one- to two-page paper on each interview. Describe the person, what he or she bought, and what factors contributed to the person's purchase decision. Be creative in the questions that you ask. To get you started, here are some questions to ask:

- Was it an individual or family decision?
- Was it a want or a need?
- What motivated the purchase?
- What features or benefits seemed important to the buyer?
- Was it a first-time decision? Has the person bought this product before?
- How much thought went into the buying decision?
- Did the person search the Internet or speak to friends? Did he or she read reviews on a site such as Amazon or www.epinions.com?
- How did the person gather the information he or she used to make the decision?
- Was the choice a low- or high-involvement purchase?
- How many alternatives were evaluated?
- Was the person happy with his or her choice? Why or why not?
- Did service play a factor with the choice?
- Did the product/service meet the person's expectations? If so, why? If not, why not?
- What role did the brand name play?