**Chapter 1:**

**Buying, Having, and Being: An Introduction to**

**Consumer Behavior**

# CHAPTER OBJECTIVES

When students finish this chapter, they should understand why:

1. Consumer behavior is a process.
2. Marketers have to understand the wants and needs of different consumer segments.
3. Our choices as consumers relate in a powerful way to the rest of our lives.
4. Our motivations to consume are complex and varied.
5. Technology and culture create a new “always-on” consumer.
6. Many types of specialists study consumer behavior.
7. There are differing perspectives regarding how and what we should understand about consumer behavior.

# CHAPTER SUMMARY

After reading this chapter, students should understand why:

*Consumer behavior is a process*.

Consumer behavior 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. A consumer may purchase, use, and dispose of a product, but different people may perform these functions. In addition, we can think of consumers as role players who need different products to help them play their various parts.

*Marketers have to understand the wants and needs of different consumer segments.*

Market segmentation is an important aspect of consumer behavior. Consumers can be segmented according to many dimensions, including product usage, demographics (the objective aspects of a population, such as age and sex), and psychographics (psychological and lifestyle characteristics). Emerging developments, such as the new emphasis on relationship marketing and the practice of database marketing, mean that marketers are much more attuned to the wants and needs of different consumer groups.

*Our choices as consumers relate in powerful ways to the rest of our lives.*

Marketing activities exert an enormous impact on individuals. Consumer behavior is relevant to our understanding of both public policy issues (e.g., ethical marketing practices) and the dynamics of popular culture.

*Our motivation to consume are complex and varied.*

Marketers try to satisfy consumer needs but the reasons people purchase any product can vary widely. The identification of consumer motives is an important step to ensure that a product will satisfy appropriate needs. Traditional approaches to consumer behavior focus on the abilities of products to satisfy rational needs (utilitarian motives), but hedonic motives (e.g., the need for exploration or for fun) also play a key role in many purchase decisions.

*Technology and culture creates a new “always on” consumer.*

The internet and social media transform the way consumers interact with companies and with each other. Online commerce allows us to locate obscure products from around the world, and consumption communities provide forums for people to share opinions and product recommendations.

*Many types of specialists study consumer behavior.*

The field of consumer behavior is interdisciplinary; it is composed of researchers from many different fields who share an interest in how people interact with the marketplace. We can categorize these disciplines by the degree to which their focus is micro (the individual consumer) or macro (the consumer as a member of groups or of the larger society).

*There are differing perspectives regarding how and what we should understand about consumer behavior.*

Researchers who study consumer behavior do so both for academic purposes and to inform marketing organizations about practical decisions. We can roughly divide research orientations into two approaches: The positivist perspective emphasizes the objectivity of science and the consumer as a rational decision maker. The interpretivist (or CCT) perspective, in contrast, stresses the subjective meaning of the consumer’s individual experience and the idea that any behavior is subject to multiple interpretations rather than to one single explanation.

# CHAPTER OUTLINE

* 1. Consumer Behavior: People in the Marketplace
     1. Consumer behavior is a process.
        1. The average consumer can be classified and characterized based on **demographics** (descriptive characteristics of a population, such as age, gender, income, occupation)

Use Review Question 1-2 Here

* + - 1. Friends, family and other communities heavily influence us.
         1. The growth of the internet has created thousands of online **consumption communities** where members share opinions and product recommendations.
         2. As members of a large society, U.S. consumers share certain cultural values or strongly held beliefs about the way the world should be structured.
         3. Subcultures, or smaller groups within the culture, also share values (e.g. Hispanics, teens, Midwesterners, hipsters).
         4. The use of **market segmentation strategies** may be used to target a brand to only specific groups of consumers rather than to everybody.

Use Review Question 1-3 Here

* + - 1. Brands often have clearly defined images or “personalities” created by product advertising, packaging, branding, and other marketing strategies that focus on positioning a product in a certain way.
         1. Even the choice of websites is a ***lifestyle*** statement: It speaks to a person’s interests as well as aspirations.
      2. When a product succeeds in satisfying a consumer’s specific needs or desires it may be rewarded with many years of ***brand loyalty,*** a bond between product and consumer that is difficult for competitors to break.
    1. What Is Consumer Behavior?

**Consumer behavior** 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.

Use Review Question 1-1 Here

* + - 1. Consumer behavior is a process.
         1. Most marketers recognize that consumer behavior is an ***ongoing process***, not merely what happens at the moment a consumer hands over money or a credit card and in turn receives some good or service (***buyer behavior***).
         2. The **exchange**—a transaction where two or more organizations or people give and receive something of value—is an integral part of marketing. However, the expanded view of consumer behavior emphasizes the ***entire*** consumption process. This view includes issues that influence the consumer before, during, and after a purchase. (Figure 1.1)

Use Figure 1.1 Here; Use Consumer Behavior Challenge 1-14 Here

Use Review Question 1-5 Here

* + - 1. Consumer behavior involves many different actors.
         1. A **consumer** is a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages in the consumption process.
         2. The purchaser and user of a product might not be the same person. A separate person might be an ***influencer***. This person provides recommendations for or against certain products without actually buying or using them.
         3. Consumers may be organizations or groups (in which one person may make the decision for the group or a large group of people may make purchase decisions).

Use Review Question 1-4 Here

* 1. Consumers’ Impact on Marketing Strategy
     1. Consumers Are Different! How We Divide Them Up
        1. Society is evolving from a ***mass culture*** to a diverse one, which makes it more important to identify diverse market segments and to develop specialized messages and products for those groups.
           1. Just think about how many shades of lipstick or neck tie patterns compete for attention. This change makes it more important than ever to identify these distinct markets.
           2. Companies can define market segments by identifying their most loyal, core customers or **heavy users***.* Marketers use the **80/20 rule** as a rule of thumb, where 20% of users account for 80% of sales.

Use Review Question 1-6 Here

* + - * 1. **Demographics** are statistics that measure observable aspects of a population, such as birth rate, age distribution, and income.
        2. Important demographic dimensions include:

Age

Gender

Family structure

Social class and income

Race and ethnicity

* + - * 1. Geography and Lifestyles (a psychographic variable) are other important bases for segmenting consumers.

Use Consumer Behavior Challenge 1-15 & 1-20 Here

* + - 1. Segmenting by Behavior: Relationship and Database Marketing
         1. **Relationship marketing** occurs when a company makes an effort to interact with customers on a regular basis, giving customers reasons to maintain a bond with the company over time.
         2. **Database marketing** involves tracking consumers’ buying habits very closely and creating products and messages tailored precisely to people’s wants and needs based on this information.
* The collection and analysis of extremely large datasets is called **big data.**

Use Review Question 1-7 Here

* 1. Marketing’s Impact on Consumers
     1. Popular Culture
        1. **Popular culture** consists of the music, movies, sports, books, celebrities, and other forms of entertainment consumed by the mass market; it is both a product of and an inspiration for marketers.
        2. Product icons (e.g. Pillsbury Doughboy, Jolly Green Giant) often become central figures in popular culture.

Use Review Question 1-8 Here

* + 1. All the World’s a Stage
       1. **Role theory** takes the view that much of consumer behavior resembles actions in a play. Consumers have roles and they may alter their consumption decisions depending upon the role being played at the time.
       2. People may have various relationships with a product:
          1. ***Self-concept attachment***—the product helps to establish the user’s identity.
          2. ***Nostalgic attachment***—the product serves as a link with a past self.
          3. ***Interdependence***—the product is a part of the user’s daily routine.
          4. ***Love***—the product elicits emotional bonds of warmth, passion, or other strong emotion.

Use Consumer Behavior Challenge 1-19 Here

* 1. What Does it Mean to Consume?
     1. A fundamental premise of consumer behavior is that people often buy products not for what they do, but for what they mean.
     2. People, in general, will choose the brand that has an image (or even a personality) that is consistent with his or her underlying needs.

Use Review Question 1-11 Here

Use Consumer Behavior Challenge 1-16 Here

* 1. Emerging Ways to Consume
     1. What Do We Need – Really?
        1. A need is something a person must have to live or achieve a goal.
        2. A want is a specific manifestation of a need that personal and cultural factors determine.
        3. A productivity orientation refers to a continual striving to use time constructively.
     2. The Global “Always On” Consumer
        1. Technology and culture create a new “always-on” consumer.
        2. The United Nations defines a megacity as a metropolitan area with a total population of more than 10 million people.

Use Review Question 1-9 Here

* + 1. The Digital Native: Living a Social [Media] Life
       1. The term **digital native** originated in 2001 to explain a new type of student. These consumers grew up “wired” in a highly networked, always-on world. They did not know a world without digital technology.
       2. Today some people wear tiny cameras that allow them to create a **lifelog** of every event we experience throughout the day.
       3. The **Internet of Things (IoT)** refers to the growing network of interconnected devices embedded in objects that speak to one another.
          1. **Autonomous vehicles** (self-driving cars) and “smart home” products are examples of IoT.
       4. We are witnessing a revolution in **M2M (machine-to-machine)** communication.
          1. **Artifical intelligence (AI)** applications continuously improve through **machine learning** (such as Siri and Alexa).
       5. Computer engineers are also introducing **robot companions** and **sexbots**.

Use Consumer Behavior Challenge 1-13 & 1-17 Here

* + 1. **User-generated content**, where everyday people film commercials, voice their opinions about products, brands and companies on blogs, podcasts and social networking sites, is part of the **Web 2.0** era, which shifted the Internet from a one-way transmission medium to a social, interactive medium.
  1. Consumer Behavior as a Field of Study
     1. Where Do We Find Consumer Researchers? Just about anywhere we find consumers.
     2. Interdisciplinary Influences on the Study of Consumer Behavior – Many fields shape the field of consumer behavior. Table 1.1 provides an example of interdisciplinary research issues about magazine usage. Figure 1.2 lists the disciplines in consumer research.

Use Table 1.1 & Figure 1.2 Here

* + 1. Two Perspectives on Consumer Research
       1. One general way to classify consumer research is in terms of the fundamental assumptions the researchers make about what they are studying and how to study it. This set of beliefs is known as a **paradigm**. A paradigm shift may now be underway.
       2. The dominant paradigm currently is called **positivism** (or sometimes called ***modernism***). It emphasizes that human reason is supreme, and that there is a single, objective truth that can be discovered by science. Positivism encourages us to stress the function of objects, to celebrate technology, and to regard the world as a rational, ordered place with a clearly defined past, present, and future.
       3. The emerging paradigm of **interpretivism** (or ***postmodernism***) questions the previous assumptions. Proponents argue that there is too much emphasis on science and technology in our society, and that this ordered, rational view of consumers denies the complex social and cultural world in which we live. Others say positivism puts too much emphasis on material well-being, and that this logical outlook is dominated by an ideology that stresses the homogeneous views of a culture dominated by white males.
          1. Interpretivists instead stress the importance of symbolic, subjective experience and the idea that meaning is in the mind of the person because we live a world composed of a **pastiche**, or mixture of images.
          2. Table 1.2 summarizes these two perspectives.
          3. Research that regards consumption from a social and cultural poit of view rather than an economic exchange is called **Consumer Culture Theory (CCT)**

Use Consumer Behavior Challenge 1-18 Here

Use Table 1.2 Here

Use Review Question 1-10 Here

* 1. Consumer Trends: Keep Ahead to Keep Up
     1. **Consumer trends** refers to the underlying values that drive consumers toward certain products/services and away from others.
     2. Important trends include:
        1. Sharing economy
        2. Authenticity and personalization
        3. Blurring of gender roles
        4. Diversity and multiculturalism
        5. Social shopping
        6. Income inequality
        7. Healthy and ethical living
        8. Simplification
        9. Interconnection and the IoT
        10. Anonymity
  2. Taking It from Here: The Plan of the Book

The plan is simple—it goes from micro to macro. Each chapter provides a “snapshot” of consumers, but the lens used to take each picture gets successively wider.

# End-of-Chapter Support Material

**SUMMARY OF SPECIAL FEATURE BOXES**

1. Marketing Opportunity

BMW’s engineers and designers know they have to understand how drivers’ needs will change in the future. It developed electric car models and a car-sharing service.

1. Marketing Pitfall

When disaster strikes, it can be an opportunity or a pitfall for marketers. American Apparel offended shoppers with its tweet about shopping during Hurricane Sandy but Duracell offered free batteries and won loyalty.

1. Marketing Opportunity

Real life can create marketing opportunity as in the growth of spring break travel to Florida after the release of the book, Where the Boys Are.

1. User-Generated Content (UGC)

User-generated content like the Mentos and Diet Coke videos is an important aspect of the Web 2.1 era.

# REVIEW QUESTIONS

1-1. Provide a definition of consumer behavior.

*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.* (1 minute, Chapter Objective 1-1, AACSB: Application of Knowledge)

1-2. How would you define a *consumer*?

*A consumer is defined as a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages of the consumption process. Consumers can be individuals, groups, or organizations.*

(2 minutes, Chapter Objective 1, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-3. What are *consumption communities*? Give three examples of consumption communities.

*Consumption communities is a term used to describe online forums where consumers share opinions and recommendations about products, such as social networking sites and blogs as well as other websites. These platforms have now become new marketplaces. These communities consist of groups of people who share the same interest, such as the consumption of a particular brand or product. The bonds formed among the members of such a community* *can greatly influence their consumption; members might experience pressure to buy products that will meet the group’s approval. They may also purchase such products out of a fear of rejection or out of embarrassment as they seek to conform to the group’s conception of what is “in” or “out”. Examples can include Apple users, Xbox players, or BMW owners.*

(2 minutes, Chapter Objective 1, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-4. What is role theory, and how does it help us to understand consumer behavior?

*The perspective of role theory takes the view that much of consumer behavior resembles actions in a play. As in a play, each consumer has lines, props, and costumes necessary to put on a good performance. Because people act out many different roles, they sometimes alter their consumption decisions depending on the particular “play” they are in at the time. The criteria they use to evaluate products and services in one of their roles may be quite different from those used in another role.* (1.5 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

1-5. What do we mean by an exchange?

*A transaction in which two or more organizations or people give and receive something of value.* (1 minute, Chapter Objective 1-2, AACSB: Application of Knowledge)

1-6. Why do some marketers embrace the concept of *relationship marketing*?

*Marketers use relationship marketing to establish and maintain relationships between the brand and its customers that will last a lifetime. This approach requires marketers to prioritize their target clients. The relationships formed and the insights gained will be vital to maintaining the company’s performance during economic downturns—the customer will be inclined to purchase products and services from their preferred company in the same way that people tend to rely on “good friends” when times are tough.*

(3 minutes, Chapter Objective 2, AACSB: Reflective Thinking, Course Learning Outcome 2)

1-7. How practical and useful is *database marketing* for most businesses?

*As the chapter suggests, customer behavior can be tracked in different ways, creating a vast bank of potentially valuable information. The level of sophistication of the technology used to capture this data is likely to vary to a large extent across different countries. Data capture systems rely on some form of monitoring through loyalty cards, bank cards, and mobile phone signals as well as the collection of point-of-sales data via complex tills. In some countries, customer monitoring and data capture have not yet developed to the same extent as in the U.S., where businesses have incorporated it into their decision-making processes.*

(1minute, Chapter Objective 5, AACSB: Information Technology, Course Learning Outcome 1)

1-8. Identify the three stages of the consumption process.

*The three stages of the consumption process are: prepurchase issues, purchase issues, and postpurchase issues. It is important to bear in mind that the consumer and the marketer approach these processes in different ways. While the consumer is more focused on the experience and the gratification they receive during the process, the marketer aims to ensure that the process is smooth, pleasurable, and likely to be repeated.* (1minute, Chapter Objective 3, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-9. Have traditional patterns of consumption been radically changed by globalization?

*Some countries still retain elements of traditional consumption patterns, but these are disappearing with successive generations being influenced by global trends. Though markets have become globalized rapidly, the same marketing message may not work in all countries. The globalization of markets has taken place on a rapid scale. It is still debatable whether a single style of message can be marketed to the whole world. Students will note that culture, according to Hofstede, refers to the collective programming of the mind. Others, such as Walter (1995), disagree. It may be discussed that Walter argues that culture cannot ever become globalized as there is no real convergence in culture. Global brands exist, but they are marketed differently in different territories as they need to operate in unique ways to be effective in that market.*

(1minute, Chapter Objective 3, AACSB: Diverse and Multicultural Work Environments, Course Learning Outcomes 1 and 17)

1-10. How could interdisciplinary research in consumer behavior explain the customer profile of a national newspaper or a television news channel?

*Students should refer to Table 1.1 for a potential list of interdisciplinary research issues that can help explain the customer profile of a national newspaper or a television news channel. The key areas to consider are: experimental psychology, clinical psychology, microeconomics/human ecology, social psychology, sociology, macroeconomics, semiotics, demography, history, and cultural anthropology. Many of the issues suggested in the table will reveal, through interdisciplinary research, how specific aspects of newspapers or television channels, such as their design or layout, are recognized and interpreted (experimental psychology), how peer pressure influences a person’s readership or viewership decisions (social psychology), and so on.*

(1.5 minutes, Chapter Objective 5, AACSB: Application of Knowledge, Course Learning Outcome 1)

1-11. This chapter states “people often buy products not for what they do but for what they mean. “ Explain the meaning of this statement and provide an example.

*Role theory suggest that when people act out different roles in their lives, they also alter their consumption decisions depending of the particular” play” or “role” they are in at the time. These roles might include “up-and-coming executive,” “geek,” “hipster” or “big man on campus.” Products help users establish their identity in these roles, provide nostalgic attachments, offer interdependence and elicit emotional bonds such as love. One example of this is Peeps candy. These marshmallow products have no nutritional value but have a group of devotees that use Peeps in decorations, slide shows, and sculptures. The Peeps brand has created nostalgic attachment as this brand has an image or personality consistent with the underlying needs of the consumer.* (5 minutes, Chapter Objective 1-4, AACSB: Reflective Thinking)

# 1-12. What are the major differences between the positivist and interpretivist paradigms in

# consumer research?

# *A positivist approach to consumer behavior emphasizes that human reason is supreme and that there is a single, objective through that science can discover. This stresses functionality, technology and rationality. Interpretivism questions the assumptions of positivism. Interpretivist stress the importance of subjective experiences, and that meaning is in the mind of the individual. We develop meaning based on cultural, and there is no right or wrong answer.* (5 minutes, Chapter Objective 1-7, AACSB: Reflective Thinking)

# CONSUMER BEHAVIOR CHALLENGE

## Discuss

1-13. As robot companions become increasingly common, what are the ramifications for human relationship?

*This question is one students should find most interesting. The impacts on human relationship are truly unknown at this point; however, one could speculate that such human-robot interatctions could lead to a decline in traditional human interactions, as humans become accustomed to new types of non-human relationships. Conversely, human-robot relationships may have a positive impact on human relationships if humans come to realize potential emotional shortcomings of today’s robots.* (5 minutes, Chapter Objectives 1-2 and 1-5, AACSB: Reflective Thinking)

1-14. Each country or region will have some core products and services that are consumed. Collectively, the consumption of these infers some group bond. Identify examples of these specific products and services and comment on how they help to maintain group bonds.

*In most countries, there are some consumption preferences that are based on tradition and culture. The mix of products and services consumed in such countries depends on the nature of the economy and the availability of products (often related to issues such as seasonality). Consuming these products and services helps the members of a society identify with a recognizable group with common bonds. The bonds may be traditional, cultural, or age-related. For example, Apple products and apps are consumed by a large demographic. This in turn would help consumers attain their group’s approval without having to pay the hefty price of group rejection.*

(5 minutes, Chapter Objective 4, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-15. Critics of targeted marketing strategies argue that this practice is discriminatory and unfair, especially if such a strategy encourages a group of people to buy a product that may be injurious to them or that they cannot afford. For example, community leaders in largely minority neighborhoods have staged protests against billboards promoting beer or cigarettes in these areas. However, the Association of National Advertisers argues that banning targeted marketing constitutes censorship and thus is a violation of the First Amendment. What are your views regarding this issue?

*It is important to guide discussion to the legitimate interests on both sides. In this situation, however, the discussion should also examine the legitimacy of each side’s basic point. For what groups should target marketing not be allowed? On the other hand, under what specific circumstances should target marketing be allowed? Is the argument that target marketing unduly influences those who cannot resist its appeal reasonable? Is the counterargument that banishing target marketing amounts to censorship and is unconstitutional equally specious? Discussion should initially focus on the validity of each argument and then evolve toward a compromise that will protect target-marketing efforts while recognizing the needs of society.* (5 minutes, Chapter Objective 1-2, AACSB: Ethical Understanding and Reasoning)

1-16. Individuals can have different relationships with brands and products. It is suggested that an individual can have a self-concept attachment, a nostalgic attachment, interdependence, or love. Choose eight to ten brands or products that you use and comment on whether you feel any of these attachments towards them. What do your findings tell you about the power of each brand?

*Students are likely to choose a variety of everyday brands and assess their attachment to them. The four suggested levels of attachment will help identify why the individual has chosen these brands, but some of the relationships may be difficult to define. Consumers’ varying levels of attachment to different products is important for marketers to understand; the greater the attachment, the more leverage they will have to encourage the consumer to purchase products and immerse themselves in related developments.*

(5 minutes, Chapter Objective 2, AACSB: Ethical Understanding and Reasoning, Course Learning Outcome 1)

1-17. Businesses that use social media to appear relevant in the lives of their consumers have seen some tremendous successes. Some, however, have exposed themselves to threats they could not have anticipated and have suffered huge losses in consumer perception. Yet, it seems that businesses cannot afford to ignore social media; they need to have a visible and vibrant presence. The major problem is that businesses become the subject of discussion on social media platforms. In these discussions, they have little control, and deleting comments is seen as exercising unreasonable censorship. Do you agree or disagree with this assertion?

*On the one hand social media offers enormous potential benefits in terms of publicity, coverage, and visibility, on the other it exposes companies to the danger of negative consumer perception. The company’s relationship with its consumers is defined by the degree to which it intends to engage with its consumers on social media platforms. Businesses should do so with the knowledge that this is a two-way relationship—the consumer will be able to comment and post without the business being able to control the frequency or the nature of those comments and posts. If the business were to control these comments and posts, it would be seen as being too controlling and manipulative, creating a negative impression.*

(7 minutes, Chapter Objective 5, AACSB: Analytic Thinking, Course Learning Outcome 1)

1-18. PricewaterhouseCoopers (PwC) carried out an extensive survey of 6 continents, 19 territories, and 19,000 online shoppers for its Total Retail 2015 survey. The survey revealed that the shift from high street retail to online retail was still gathering pace and showed few signs of slowing down.

PwC’s model used four retail disruptors to explain the continuing preference for online retail. Their first disruptor considers the evolution of the conventional store. It is no longer the single point of sale for the business. In some respects, it is a window into the business and a form of catalog or showroom. PwC suggests that this is a natural evolution of the business model. The second and third disruptors—mobile technology and social networks—are the technological changes that have had a massive impact on retailing. Mobile technology means that purchases can be made anywhere, anytime, and by anyone. Social networks are instant, real-time points of contact with consumers and are increasingly important places for reviews and feedback. At the same time, the buzz and excitement that can be generated by social media can create instant and massive demand for a product or service. The final disruptor is related to changes in the demographic make-up of society. The target customer base which is the 18–24 years age group has a much greater affinity with brands than previous generations; 43 percent of this age group follow brands online, they research more about brands, and are more inclined to watch videos about brands. The PwC survey revealed that 36 percent of consumers visit retail outlets at least once a week. It is still an important contact point. A decade ago, only 25.3 percent of consumers had ever made an online purchase. According to dunnhumby, the global leader in customer data science, multichannel purchasing is set to continue to change retail, with some brands seeing an increase in sales through online shopping. To what extent it is apparent that the merger of technology and culture is driving this change from conventional retailing to online shopping? Will it mean the death of traditional retailing?

*Student responses will vary. The instructor can use this discussion as an opportunity to discuss the differing levels of penetration of online shopping in different markets. Not all markets have been affected to the same degree. The retail market is continuing to change as multichannel purchases become the norm. Changing trends in shopping patterns continue to have a marked impact on products and brands. This implies the need for an evolution of brick-and-mortar retail as well as online shopping. Brands no longer have conventional marketing campaigns that seek to drive consumers into their stores or to their stockist. In many respects, the general approach has become a blend of both traditional marketing and marketing focused on social media and technology. Consumers want flexibility and convenience, which has helped drive online sales at the expense of retail stores.*

*Physical stores are important for consumers to see and test new products and services. dunnhumby’s research suggests that less than one in ten consumers would consider buying an important and expensive item online if it was the first time that they were purchasing this type of product. U.S. shoppers consider 26 percent of household items an important online category, but only 8 percent would consider buying a new household product online for the first time. In comparison, dunnhumby’s research shows that 36% of consumers in China are likely to buy a new household product online.*

*There are ways in which online stores can continue to work alongside brick-and-mortar stores. Popular adaptations include “click and collect” (ordering online and picking up the purchase in-store) which neatly dovetails the two domains of purchase.*

(20 minutes, Chapter Objective 5, AACSB: Reflective Thinking, Course Learning Outcome 6)

**Apply**

1-19. National marketers will often adapt the ways in which they market and promote products and services on a geographical basis. Is this the case in your country? Discuss with a company example.

*Student responses will vary. The discussion should focus on the fact that different parts of a country will have different tastes, patterns of consumption, and income levels. In the same way, there may be cultural, ethnic, religious, or other factors that might influence the decision-making of the marketers. Product differentiation may also be a relevant factor—different types of products or services can be created to match the needs of specific groups. While they essentially provide the same benefits, the products or services can be tweaked to match different preferences. For example, North Face, which is known for apparel suited for cold and harsh weather, has introduced a new line called “Urban Exploration” suited for the parts of the country that do not have cold weather conditions to the same degree.*

(5 minutes, Chapter Objectives 1 and 2, AACSB: Analytic Thinking and Reflective Thinking, Course Learning Outcome 1)

1-20. The specific way we choose to satisfy a need depends on our unique history, learning experiences, and cultural environment. For example, two classmates may feel their stomachs rumble during a lunchtime lecture. If neither person has eaten since the night before, the strength of their respective needs (hunger) would be about the same. However, the ways each person goes about satisfying his need might be quite different. Conduct this exercise with classmates: “As you probably know, a prisoner who is sentenced to die traditionally gets to choose his or her ‘last meal’. If you had to do this (let’s hope not), describe your last meal in detail.” Compare the responses you get, especially among people from different ethnic or cultural backgrounds. What similitatires and differences emerge?

*Student reports should attempt to classify their findings based on these relationships. They should also attempt to show choices vary by cultural background.* (5 minutes, Chapter Objectives 1-1 and 1-2, AACSB: Analytic Thinking and Reflective Thinking)

**MyLab**

1-21. List the three stages in the consumption process. Describe the issues that you considered in each of these stages when you made a recent important purchase.

*The three stages of the consumption process are: 1. Prepurchase, 2. Purchase, 3. Postpurchase. Individual student responses will vary.* (15 Minutes, Chapter Objective 1-1, AACSB: Reflective Thinking)

1-22. This chapter states that people play different roles and that their consumption behaviors may differ depending on the particular role they are playing. State whether you agree or disagree with this statement, giving examples from your personal life. Try to construct a “stage set” for a role you play, specifying the props, costumes, and script that you use to play a role (e.g. job interviewee, conscientious student, party animal).

*Role theory takes the view that much of consumer behavior resembles actions in a play. Consumers have roles and they may alter their consumption decisions depending upon the role being played at the time.* (20 Minutes, Chapter Objective 4, AACSB: Reflective Thinking)

# CASE STUDY TEACHING NOTES

## Hey, Alexa -- What is Consumer Behavior?

## Summary of Case

Amazon’s smart speaker Alexa becomes a factor in consumer decision making through its product recommendation capability. As the use of Alexa and similar products becomes more pervasive, compatibility with these systems’ algorithms may become more important than brand positioning.

## Suggestions for Presentation

It is suggested that this case be presented with the content related to technology and consumer behavior in the chapter (“The Global “Always-On” Consumer”).

## Suggested Answers for Discussion Questions

1. Choose two of your favorite brands and devise an idea for an Alexa “skill” that consumers could find useful. How would these skills help sell more of the brands’ products and/or increase customer loyalty?

*Many brands could be targets for Alexa skills that provide ideas for uses of the brand’s products or help customers solve problems the brands’ products are designed to address. Examples: Nike (exercise routines), Miracle Grow (gardening tips), Axe (grooming tips). The skills could increase sales by increasing consumer satisfaction and/or increasing usage through suggestions of additional use situations.* (10 - 12 minutes, Chapter Objectives 1-3 and 1-5, AACSB: Reflective Thinking)

1. How can brands remain relevant in the Age of Alexa? What strategies should brand managers employ to continue to influence consumer purchase decisions if consumers become more reliant on AI assistants?

*Brands will need a deep understanding of the algorithms used by Alexa and similar tools for making product recommendations. With that knowledge, a brand can highlight key differentiating features in product descriptions. Advertising may become more focused on function than image Brands may still be able to position based on image and less functional attributes, but they will have to try to reach consumers before they are at the point of asking Alexa for a recommendation. Some students may not be familiar with the term “positioning strategy,” discussed in Chapter 3: The use of elements of the marketing mix (i.e., product design, price, distribution, and marketing communications) to influence the consumer’s interpretation of its meaning in the marketplace relative to its competitors.* (10 - 12 minutes, Chapter Objective 1-5, AACSB: Analytical Thinking)

1. What kinds of products or brands will most likely be either negatively or positively affected by an increased use of AI assistants? Explain your answer.

*Products that are currently sold based on imagery rather than functionality are the most vulnerable. Products for which consumers do not do extensive research before purchasing would more likely benefit from decisions made by Alexa algorithms. However some consumers will look to Alexa for advice on even more expensive, shopping-oriented products. (10-12 minutes, Chapter Objectives 1-4 & 1-5, AACSB: Reflective Thinking)*

# Additional Support Material

**STUDENT PROJECTS**

## Individual Projects

1. Ask students about their involvement with social media sites and/or blogs. Ask them to explain why they are using them. What benefits do they derive from them? Who are the target audiences for their information? Have them explain their concerns about privacy, if any.

*Student responses about their involvement with social networking sites and blogs will vary, and can be used to generate discussion about how consumers influence one another through electronically mediated communications, to remind the class about the concepts(e.g. digital natives, virtual communities) and to connect how the web and the horizontal revolution are changing consumer behavior to students’ personal experiences.*

(7 minutes, Chapter Objective 1-5, AACSB: Reflective Thinking)

1. This assignment can really be fun for the class and the presenter. Have a student wear or bring to class a recent clothes purchase. Have them explain how his or her purchase decision was influenced by different economic, social, cultural, and/or psychological variables.

*The individual responses to this activity will be as varied as the personalities of the students in your class, but it is a good opportunity to remind students about how consumers often consume products because of what they mean, not because of what they do. This assignment can also work well as a collage, where students use images of products to tell rest of the class about them (and may include products they currently use or aspire to use in the future). This project can also lead to the discussion of the connection of the products to the student’s self-concept/identity and provide the student with the opportunity to explore the economic, social, cultural and/or psychological variables that make the product desirable.* (5 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

1. This activity can be done as an extension to or independent of assignment number 2. Have students explain why they chose the clothes they are wearing to class. Probe on this one. Was there any implied symbolism? Do all students seem to be dressed in a similar fashion? Why does this occur? Can marketers learn from this? Do marketers strategically contribute to this?

*This activity is likely to generate some discussion about how consumers use clothing to identify themselves as part of a group (or distinguish themselves as not part of a group). You can give students the opportunity to make the connection between group influences and marketers’ attempts to segment their target audiences. You may also direct students to consider the role of popular culture in their clothing choices. This activity provides an opportunity remind students about the concept of economics of information, and to ask them how advertising and/or product placements contributed to their senses of style.* (5 minutes, Chapter Objectives 1-2 and 1-3, AACSB: Reflective Thinking and Analytic Skills)

1. Assign students to teams to identify at least three instances where consumer social media has had an impact on the organization and/or popular culture. Examples may include such things as consumer tweets to a perceived unpopular decision by a business (for example photoshopping of models to make them appear ‘perfect’) or citizen social media blowback from perceived injustices by government (for example the ongoing immigration debates).

*This activity provides students with the opportunity to recognize that just as marketers adapt to changing consumer needs, consumers now weild the power to influence not only marketers but governments and popular culture.* (5 minutes, Chapter Objective 1-3, AACSB: Reflective Thinking)

1. Have students identify examples of consumer-product relationships in society or in their own lives. The text identifies four specific types: self-concept attachment, nostalgic attachment, interdependence, and love. Have students come up with an example of each of these.

*Students should describe one example of each of the following relationships:*

* + *Self-concept attachment: The product helps to establish the user’s identity.*
  + *Nostalgic attachment: The product serves as a link with a past self.*
  + *Interdependence: The product is a part of the user’s daily routine.*
  + *Love: The product elicits emotional bonds of warmth, passion, or other strong emotion.*

*This project will help students differentiate between the types and relate each to their personal experiences.* (5 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

1. Ask students to consider their own consumption practices over the past decade. Have them list the ways that online consumption activities have replaced or modified their real- world consumption activities.

*This activity asks students to reflect on their personal experiences with the internet and how those experiences affected offline consumption activities. It is a good opportunity to remind students about the availability of niche products, virtual communities, and consumer recommendations. It may also provide an opportunity to ask students about how their online consumption activities are tracked/monitored by marketers, and what value they receive in exchange for the loss of privacy.* (10 minutes, Chapter Objective 1-5, AACSB: Reflective Thinking)

## Group Projects

1. Have groups select a product of interest (e.g., a car, mp3 player, vacation spot, movie, sporting event, etc.). Have each person in the group make a list of what they consider to be the product’s main attributes (both physical and psychological). Compare and contrast the attributes listed by the women and by the men to see how they may vary. Next, if there are any age or ethnic differences within the group, see if differences appear. Based on these differences formulate strategies for appealing to the various subgroups within your group.

*The project gives students the opportunity to see whether preferences differ across demographic variables that marketers use to segment customers. The responses will vary depending on the product and the students. You can also ask students to consider how individual lifestyles affect the attributes of interest, which may help explain similarities* *across ethnic and age groups. Students are likely to think about the media they will use to appeal to different subgroups Encourage them to think retail distribution, the messages they will use to communicate with their target audiences, the price, and the characteristics/features of the product they will use to appeal to the different subgroups. This will demonstrate how knowledge of consumer needs and wants relates to market strategy.* (15-20 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge and Communication Abilities)

1. Have groups of students find an example of a recent product, service, or program that was a failure. *Fortune, U.S.A. Today,* the *Wall Street Journal, Forbes* or some other marketing publications are excellent sources. Have students explain to the class how knowledge of consumer behavior, or the lack of it, could have contributed to the success or failure of the effort.

*Similar to #2, the responses and reasons for failure will vary. The project should reinforce the idea that marketers need to have a thorough understanding of consumer behavior of their target audiences to understand how to meet their needs and wants. It can be related to the question of whether marketers create needs. Look for students to “diagnose” the reasons for failure in a way that goes beyond the surface clues in the article. It may be a good opportunity for students to explore other sources at the same time to look for additional clues (e.g. Census data, economic indicators, Lifestyle Analyst, profiles of competitors, etc.).* (15-20 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge)

**ONLINE ASSIGNMENTS**

## Individual Assignments

1. Go to [**www.rockstargames.com.**](http://www.rockstargames.com/)Click on the link for “games.” Select three different video games marketed by this company. Discuss both sides of an ethical debate for each. *This activity provides students with an opportunity to think not only think about what they consider right and wrong, but also to analyze the issue from the opposite perspective. Encourage students to try to support the debate from each side, rather than making one side obviously weaker so their preferred side is a clear winner. It is good practice for building arguments and thinking critically about issues.*

(20 minutes, Chapter Objective 1-3, AACSB: Ethical Understanding and Reasoning Abilities)

1. Go to [**www.aarp.org**.](http://www.aarp.org/) The American Association of Retired Persons is one of the largest lobbying and citizen action groups going today. Projections indicate that, as our nation ages, this organization will only get larger and more influential. After visiting this website, list five ways the organization is trying to influence corporate attitudes toward the older consuming public. What type of networks is the organization trying to build? How would database information from this group be useful to a marketer?

*This activity provides students with an opportunity to get more familiar with the needs of a large and important demographic segment and shows an example of how one group is taking action to address those needs. It also provides an opportunity to revisit the concept of database marketing and why it is useful to marketers.*

(10-15 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge)

1. Visit [**www.alesyabags.com**](http://www.alesyabags.com/)and identify the factors used to segment the company’s target audience. How does the company use social media to engage its target audience? Given what you know about the target audience, do you feel Alesya Bags’ use of social media is effective or ineffective? Explain why.

*Students should identify the company segments the target audience based on gender, age, occupation, income, and lifestyle. Students should also recognize the role of social media in the target segments’ lives and the role of engagement via social media tools in developing a lifestyle brand.*

(10-15 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)