

LECTURE NOTES

CHAPTER OPENING EXAMPLE

GETTING TO KNOW THE REAL AUTOMOBILE INFLUENCER

- 67 percent of all products, including luxury cars and mobile phones, are bought by parents under the influence of their tweens, children from 8 to 14 years old.
- Research by Millward Brown covering thousands of tweens in 14 countries and 70 cities found that children play an increasingly important role in brand purchase decisions; they influenced the spending of, or spent, an astounding US\$1.88 trillion worth of purchases.
 - a. They are tenacious- six out of ten kids will keep asking their parents for the brands they want.
 - b. Tweens are also highly sensitive and imaginative. When they hear Starbucks, they smell coffee. Nintendo conjures up images of aliens and missiles.
 - c. Multimedia holistic marketing stimuli can thus be very effective in engaging all their five senses.
 - d. Music is very important to tweens, more so than movies and television shows. Marketers must therefore use music in their marketing messages to get the attention of tweens.
 - e. Tweens are strongly influenced by their peers, being connected to each other through today's mobile technology and the virtual world of the computer.
- **Consumer behavior** consists of the actions a person takes in purchasing and using products and services, including the mental and social processes that come before and after these actions.
- The behavioral sciences answer questions such as why people choose one product or brand over another, how they make these choices, and how companies use this knowledge to provide value to consumers.

I. CONSUMER PURCHASE DECISION PROCESS [LO1]

The **purchase decision process** is the stages a buyer passes through in making choices about which products and services to buy. The five stages are: (1) problem recognition, (2) information search, (3) alternative evaluation, (4) purchase decision, and (5) post-purchase behavior.

A. Problem Recognition: Perceiving a Need

- *Problem recognition* perceives a difference between a person's ideal and actual situations big enough to trigger a decision.
- In marketing, advertisements or salespeople can activate a consumer's decision process by showing the shortcomings of competing or currently owned products.

B. Information Search: Seeking Value

After recognizing a problem, a consumer begins to search for information about what product or service might satisfy the newly discovered need.

- An *internal search* involves scanning one's memory for previous experiences with products or brands. Internal search is often sufficient for frequently purchased products.
- An *external search* may be necessary when past experience or knowledge is insufficient, the risk of making a bad decision is high, and the cost of gathering information is low. The primary sources of external information are:
 - a. *Personal sources*, such as relatives and friends whom the consumer trusts.
 - b. *Public sources*, including various product-rating organizations like *Consumer Reports*, government agencies, or consumer-oriented TV programs.
 - c. *Marketer-dominated sources*, such as information from sellers that include advertising, company websites, salespeople, and point-of-purchase displays in stores.

C. Alternative Evaluation: Assessing Value

- The information stage clarifies the problem for consumers by:
 - a. Suggesting criteria, or points to consider, for the purchase.
 - b. Providing brand names that might meet the criteria.
 - c. Developing consumer value perceptions.

- A consumer's **evaluative criteria** are factors that represent both the objective attributes of a brand and the subjective ones a consumer uses to compare different products and brands. These criteria are often mentioned in advertisements.
- Consumers often have several criteria for evaluating brands. These criteria establish the **consideration set**—the group of brands that a consumer would consider acceptable from among all the brands in the product class of which he or she is aware.

D. Purchase Decision: Buying Value

- Having examined the alternatives in the consideration set, two choices remain:
 - a. From whom to buy.** Determined by the seller's terms of sales, past purchase experience, return policy, etc.
 - b. When to buy.** Determined by whether the product is on sale, the manufacturer offers a coupon/rebate, the store's atmosphere, the shopping experience, salesperson persuasiveness, time pressure, financial terms, etc.
- The Internet adds a technological dimension to the consumer decision process by allowing consumers to gather information, evaluate alternatives, and make buying decisions.

E. Postpurchase Behavior: Value in Consumption or Use

- After buying a product, the consumer compares it with his/her expectations and is either satisfied or dissatisfied.
- Customers' satisfaction or dissatisfaction with the consumption or use experience affects their value perceptions and repeat-purchase behavior.
 - a.** Satisfied buyers tell 3 other people about their experience, while dissatisfied ones complain to 9 people.
 - b.** Satisfied buyers tend to buy from the same seller each time a purchase decision arises, creating a huge financial impact.

MARKETING MATTERS

The Value of a Satisfied Customer to the Company

What is the financial value of a loyal customer over time? Marketers attempt to calculate this figure to demonstrate how much a satisfied customer is worth. Some examples:

- If Borneo Motors, the sole distributor for Toyota in Singapore, can keep a customer extremely happy such that the subsequent car purchase is again a Toyota from Borneo, then over this customer's lifetime, he or she would have spent about S \$220,000 (excluding payment for the COE) on Toyota cars if this customer trades up from Toyota Vios to Toyota Altis to Toyota Picnic to Toyota Camry.
- If the Danone Group can get an Indonesian customer to stay loyal to its A qua brand of bottled water for 20 years, this customer would have contributed Rp 752,000 to its revenue in the 20 years at constant prices.

The goal of many firms is to increase customer satisfaction, which in turn can lead to increased retention—research shows that a 5 percent improvement in customer retention can increase profits by 70 to 80 percent!

- c. Many firms focus attention on postpurchase behavior to maximize customer satisfaction and retention by offering toll-free telephone numbers, liberalized return policies, and engaging in staff training to handle complaints.
- Consumers, faced with two or more highly attractive alternatives and purchasing one of them, may ask the question, “Should I have purchased this?” This feeling of postpurchase psychological tension or anxiety is called **cognitive dissonance**.
 - a. After a purchase, consumers often seek information or approval from others or reading ads or reviews about the brand to affirm their choice.
 - b. Firms often use ads or follow-up calls from salespeople in this postpurchase stage to try to comfort buyers that they made the right decision.

F. Consumer Involvement and Problem-Solving Variations [LO2]

- Consumers may skip or minimize one or more steps in the purchase decision process depending on the level of **involvement**, the personal, social, and economic significance of the purchase to the consumer.
- For high-involvement purchases:

- a. The item to be purchased typically has at least one of three characteristics: (1) is expensive; (2) can have serious personal consequences; or (3) could reflect on one's image.
 - b. Consumers engage in extensive information search, consider many product attributes and brands, and use word-of-mouth.
- There are three general problem-solving variations in the consumer purchase decision process.
 1. **Extended problem solving.** Is used in:
 - a. Each stage of the consumer purchase decision process is used, including considerable time and effort on external information search to identify and evaluate the attributes of several brands in the consideration set.
 - b. High-involvement purchases (autos, houses, etc.).
 2. **Limited problem solving.**
 - a. Consumers seek some information to evaluate alternative brands and attributes.
 - b. Is used when the buyer has little time or effort to spend.
 3. **Routine problem solving.**
 - a. The purchase process is habitual and involves little effort seeking external information and evaluating alternatives.
 - b. Is used for low-priced, frequently purchased products (salt, milk, etc.).
 4. **Involvement and marketing strategy.**
 - a. For low-involvement products whose brands are market share leaders, marketers should:
 - Maintain product quality.
 - Avoid stockouts so buyers won't substitute a competing brand.
 - Develop ads that reinforce consumers' knowledge or assure buyers that they made the right choice.
 - b. For low-involvement products whose brands are market challengers, marketers should:
 - Use free samples, coupons, and rebates to encourage trial of their brand to break a buying habit.

- Develop ads that get their brand into a consumer's consideration set.
 - Link brand attributes with high involvement issues.
- c. For high-involvement products whose brands are market share leaders, marketers should use advertising and personal selling.
 - d. For high-involvement products whose brands are market challengers, marketers should use comparative ads and novel evaluative criteria for judging competing brands.

G. Situational Influences

Five **situational influences** impact the purchase decision process:

- a. *Purchase task.* The reason for engaging in the decision.
- b. *Social surroundings.* Others present when making a purchase decision.
- c. *Physical surroundings.* Store decor, music, and crowding.
- d. *Temporal effects.* Time of day or time available.
- e. *Antecedent states.* The consumer's mood or cash on hand.

LEARNING REVIEW

1. What is the first stage in the consumer purchase decision process?

Answer: problem recognition

2. The brands a consumer considers buying out of the set of brands in a product class of which the consumer is aware is called the _____.

Answer: consideration set

3. What is the term for postpurchase anxiety?

Answer: cognitive dissonance

II. PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR [LO3]

- Psychology helps marketers understand why and how consumers behave as they do.
- Concepts such as motivation and personality; perception; learning; and values, beliefs and attitudes are useful for interpreting buying processes and directing marketing efforts.

A. Motivation and Personality

Motivation and personality describe why people do some things and not others.

1. **Motivation** is the energizing force that stimulates behavior to satisfy a need. Because consumer needs are the focus of the marketing concept, marketers try to arouse these needs, which are hierarchical, ranging from basic to learned needs:
 - a. *Physiological needs*, such as water, food, and shelter, are basic to survival and must be satisfied.
 - b. *Safety needs* involve self-preservation and physical well-being.
 - c. *Social needs* are concerned with love and friendship.
 - d. *Personal needs* are represented by the need for achievement, status, prestige, and self-respect.
 - e. *Self-actualization needs* involve personal fulfillment.
2. **Personality** refers to a person's consistent behaviors or responses to recurring situations.
 - a. *Traits* are enduring characteristics within a person or in his or her relationship with others, such as assertiveness, extroversion, etc. Traits are inherited or formed at an early age and change little over the years.
 - b. Residents of different countries have a *national character*, or a distinct set of personality characteristics common among people for a country or society.

- c. Personality characteristics are often revealed in a person's **self-concept**, which is the way people see themselves and the way they believe others see them.
- d. People have an actual (how they see themselves) and ideal (how they want to see themselves) self-concept, which are reflected in the products and brands they buy.

B. Perception

Perception is process by which an individual selects, organizes, and interprets information to create a meaningful picture of the world.

1. *Selective perception* is the process of filtering of exposure, comprehension, and retention by the human brain to organize and interpret information.
 - a. *Selective exposure* occurs:
 - When people pay attention to messages that are consistent with their own attitudes and beliefs and ignore messages that are inconsistent.
 - At the postpurchase stage when consumers read ads for the brand they just bought.
 - When a need exists, such as being hungry.
 - b. *Selective comprehension* involves interpreting information so that it is consistent with a person's attitudes and beliefs.
 - c. *Selective retention* means that consumers do not remember all the information they see, read, or hear, even minutes after exposure to it. This affects the internal and external information search stages of the consumer decision process.
 - d. **Subliminal perception** means that people see or hear messages without being aware of them. This is a hotly debated issue, with more popular appeal than scientific support.

MAKING RESPONSIBLE DECISIONS

The Ethics of Subliminal Messages

The presence of embedded messages and images has been a controversial topic for over 50 years.

- Subliminal messages are not illegal in the U.S., but marketers have been criticized for creating them for use in print and electronic media. **Perceived risk** represents the anxieties felt because the consumer cannot anticipate the outcomes of a purchase but believes that there may be negative consequences.
 - a. Negative consequences include:
 - Size of the financial outlay to buy the product.
 - The risk of physical harm.
 - The performance of the product.
 - Psychosocial—what will other people think or say.
 - b. Perceived risk affects information search because the greater the perceived risk, the more extensive the external search is likely to be.
 - c. Marketers try to reduce a consumer's perceived risk and encourage purchases by using one or more strategies:
 - Obtaining seals of approval.
 - Securing endorsements from influential people.
 - Providing free trials of the product.
 - Giving extensive usage instructions.
 - Providing warranties and guarantees.

C. Learning

- Much consumer behavior is learned, such as information sources to consult about products, the evaluative criteria to use to assess alternatives, and how to make purchase decisions.
- **Learning** refers to those behaviors that result from (1) repeated experience and (2) reasoning.

1. *Behavioral learning* is the process of developing automatic responses to a type of situation built up through repeated exposure to it.
 - a. Four variables are key to how consumers learn from repeated experience:
 - A *drive* is a need that moves an individual to action.
 - A *cue* is a stimulus or symbol that one perceives.
 - A *response* is the action taken to satisfy the drive.
 - A *reinforcement* is the reward.
 - b. Marketers use two concepts from behavioral learning theory:
 - *Stimulus generalization* occurs when a response elicited by one stimulus (cue) is generalized to another, such as using the same brand name for different products.
 - *Stimulus discrimination* refers to one's ability to perceive differences among similar products.
2. *Cognitive learning*.
 - a. Consumers learn through thinking, reasoning, and mental problem solving without direct experience.
 - b. It involves making connections between two or more ideas or simply observing the outcomes of others' behaviors and adjusting one's own behavior accordingly.
3. **Brand loyalty** is a favorable attitude toward and consistent purchase of a single brand over time.
 - a. It relates to habit formation—the basis for routine problem solving.
 - b. It results from positive reinforcement of previous actions.
 - c. It reduces risk and saves time due to favorable results.

D. Values, Beliefs, and Attitudes

These play a central role in consumer decision making.

1. Attitude Formation.

- a. An **attitude** is a “learned predisposition to respond to an object or class of objects in a consistently favorable or unfavorable way.”

- Attitudes are shaped by our values and beliefs, which are learned.
 - Marketers are concerned with personal values, which affect attitudes by influencing the importance assigned to specific product attributes.
- b. Beliefs** are a consumer's subjective perception of how a product or brand performs on different attributes based on personal experience, advertising, and discussions with other people.
- Beliefs are based on personal experience, advertising, and discussions with other people.
 - Beliefs about product attributes create the favorable or unfavorable attitudes the consumer has toward certain products, services, and brands.
- 2. Attitude Change.** Marketers use three approaches to try to change consumer attitudes toward products and brands:
- a.** Changing beliefs about the extent to which a brand has certain attributes.
 - b.** Changing the perceived importance of attributes.
 - c.** Adding new attributes to the product.
- E. Consumer Lifestyle**
- **Lifestyle** is a mode of living that is identified by how people spend their time and resources, what they consider important in their environment, and what they think of themselves and the world around them.
 - *Psychographics:*
 - a.** Combines consumer psychology, lifestyle, and demographics to uncover motivations for buying and using products.
 - b.** Provides insights into consumer needs and wants and is useful in segmenting and targeting consumers for new and existing products and services.
 - VALS is a psychographic system developed by SRI Consulting Business Intelligence (SRIC-BI) that identifies eight consumer segments based on (1) their primary motivation for buying and having certain products and services and (2) their resources.

Web Link

Identify Your VALS Profile

The VALS system run by SRI Consulting Business Intelligence has identified eight unique consumer segments based on a person's primary motivation and resources. To know your and other VALS profiles, respond to the VALS survey at www.sric-bi.com/vals by clicking "VALS Survey."

- a. Consumers are inspired by one of three primary motivations—ideals, achievement, and self-expression—that give meaning to them or the world and govern their activities.
- b. A person's resources include psychological, physical, demographic, and material capacities such as income, self-confidence, and risk-taking.
- c. The VALS system seeks to explain why and how consumers make purchase decisions.
 - *Ideals-motivated groups*. Consumers motivated by ideals are guided by knowledge and principle. Are divided into two segments:
 - *Thinkers* are mature, reflective, and educated who value order, knowledge, and responsibility. They are practical, deliberate information seekers. They value durability and functionality in products over style and newness.
 - *Believers*, with fewer resources, are conservative beliefs regarding family, religion, community, and the nation. They choose American-made brands and are brand loyal.
 - *Achievement-motivated groups*. Consumers motivated by achievement look for products and services that demonstrate success to their peers or to a peer group they aspire to. These include:
 - *Achievers*, are busy, goal-directed, and have a deep commitment to career and family. Image is important to them. They prefer established, prestige products and services and are interested in timesaving devices.
 - *Strivers* are trendy, fun-loving, and less self-confident than achievers. They also have lower levels of education and household income. Money defines success for them. They favor stylish products and are as impulsive as their financial circumstances permit.

- *Self-expression-motivated groups*. Consumers motivated by self-expression desire social or physical activity, variety, and risk. These include:
 - *Experiencers* are young, enthusiastic, and impulsive consumers who become excited about new possibilities. They engage in exercise, sports, outdoor recreation, and social activities. Their income is spent on fashion items, entertainment, socializing, and having the latest things.
 - *Makers*, with fewer resources, express themselves by working—building a house, raising children, or fixing a car. They are practical, value self-sufficiency, and are unimpressed by material possessions.
- *High- and low-resource groups*. These include:
 - *Innovators* are successful, sophisticated, take-charge people with high self-esteem and abundant resources. Image is important as an expression of cultivated tastes, independence, and character. They are receptive to new ideas and technologies and like variety.
 - *Survivors*, with the least resources of any segment, focus on meeting basic needs rather than fulfilling desires. They are a small market for most products and are loyal to favorite brands, especially if purchased at a discount.

LEARNING REVIEW

4. What strategies can be used to deal with perceived risk?

Answer: Such strategies include getting seals of approval from recognized bodies, securing endorsements from influential people, providing free trials of the product, giving extensive usage information, and providing warranties and guarantees.

5. What three attitude-change approaches are most common?

Answer: (1) Change beliefs about the extent to which a brand has certain attributes. (2) Change the perceived importance of the attributes. (3) Add new attributes.

6. What does *lifestyle* mean?

Answer: Lifestyle is a mode of living that is identified by how people spend their time and resources, what they consider important in their environment, and what they think of themselves and the world around them.

III. SOCIOCULTURAL INFLUENCES ON CONSUMER BEHAVIOR [LO4]

Sociocultural influences evolve from a consumer's formal and informal relationships with other people and exert a significant impact on consumer behavior.

A. Personal Influence

Aspects of personal influence important to marketing are:

1. **Opinion leadership.** Individuals who exert direct or indirect social influence over others are called **opinion leaders**.
 - a. They are considered knowledgeable about or users of specific products, so their opinions influence others' choices.
 - b. Since about 10 percent of U.S. adults are opinion leaders, identifying, reaching, and influencing them is a challenge.
 - c. Some firms use celebrities as spokespersons to represent their products hoping they are opinion leaders. Others promote their products in media believed to reach them.
2. **Word of mouth** is people influencing each other during conversations and is a powerful and authentic information source for consumers because it involves friends viewed as trustworthy.
 - a. According to a recent survey, women in Asia making travel plans are heavily influenced by word of mouth activities by friends, family members, and working colleagues.
 - b. Example: "teaser" advertising campaigns are run in advance of new-product introductions to stimulate word of mouth.
 - c. Companies recruit and deploy people to produce *buzz*—popularity created by consumer word of mouth.
 - d. The power of word of mouth has been magnified by the Internet through forums, blogs, chat rooms, and websites.

MARKETING MATTERS

BzzAgent—The Business of Buzz

BzzAgent has a nationwide army of 350,000 natural-born talkers who promote products and services they deem worth talking about. “Our goal is to capture honest word of mouth,” says David Bolter, BzzAgent’s founder, “and to build a network that turns passionate customers into brand evangelists.”

Agents sign up for a buzz campaign and receive a sample product and a training manual for buzz-creating strategies. Agents then file online reports describing the nature of the buzz and its effectiveness.

B. Reference Groups

- **Reference groups** are people to whom an individual looks as a basis for self-appraisal or as a source of personal standards.
- They influence the information, attitudes, and aspiration levels that help set a consumer’s standards, such as luxury products but not of necessities.
- They exert a strong influence on the brand chosen when its use or consumption is highly visible to others.
- Three groups have marketing implications:
 - a. A *membership group* is one to which a person actually belongs, such a fraternities and sororities, social clubs, etc.
 - b. An *aspiration group* is one that a person wishes to be a member of or identified with, such as a professional society.
 - c. A *dissociative group* is one that a person wishes to maintain a distance from due to differences in values or behaviors.

C. Family Influence

Family influences on consumer behavior result from three sources:

1. **Consumer socialization** is the process by which people acquire the skills, knowledge, and attitudes necessary to function as consumers. Children learn how to purchase by:
 - a. Interacting with adults in purchase situations.
 - b. Engaging in their own purchasing and usage experiences.

2. **Family life cycle** describes the distinct phases that a family progresses through from formation to retirement, each phase bringing with it identifiable purchasing behaviors.
 - a. *The traditional family.* Consists of married couples with children younger than 18 years—constitutes about 51 percent of all households in the Asia Pacific.
 - b. *Young singles.* Buying preferences include prepared foods, clothing, personal care products, and entertainment. They represent a target market for recreational travel, automobile, and consumer electronics firms.
 - c. *Young married couples without children.* Are typically more affluent than young singles because usually both spouses are employed. These couples exhibit preferences for furniture, housewares, and gift items for each other.
 - d. *Young marrieds with children.* Are driven by the needs of their children. They are a sizable market for life insurance, various children's products, and home furnishings.
 - e. *Single parents with children.* Are the least financially secure, whose buying preferences tend toward convenience foods, childcare services, and personal care items.
 - f. *Middle-aged married couples with children.* Are typically better off financially than their younger counterparts. They are a significant market for leisure products and home improvement items.
 - g. *Middle-aged couples without children.* Have a large amount of discretionary income. These couples buy better home furnishings, status automobiles, and financial services.
 - h. *Older married and older unmarried.* Make up a sizable market for prescription drugs, medical services, vacation trips, and gifts for younger relatives.
3. **Family Decision Making.**
 - a. Two decision-making styles exist:
 - *Spouse-dominant decisions.* Are those for which either the husband (home and car maintenance purchases) or the wife (groceries, children's toys, clothing, and medicines) is responsible.
 - *Joint decision-making style.* Both husband and wife jointly make decisions regarding cars, vacations, houses, home appliances and electronics, and medical care.

- b.** Five roles of individual family members exist in the purchase process: (1) information gatherer, (2) influencer, (3) decision maker, (4) purchaser, and (5) user.
- c.** Family members assume different roles for different products and services.
 - 89 percent of wives either influence or make outright purchases of men's clothing.
 - Men spend 40 percent of all food-shopping dollars.
 - Children under 12 directly influence more than \$325 billion in annual family purchases.
 - Teenagers influence another US\$500 billion and spend another US\$175 million of their own money annually.

D. Social Class

- a.** **Social class** is defined as the relatively permanent, homogeneous divisions in a society into which people sharing similar values, interests, and behavior can be grouped.
- b.** A person's occupation, source of income (not level of income), and education determine his or her social class.
- c.** Three major social class categories exist—upper, middle, and lower—with subcategories within each.
- d.** Persons within social classes exhibit common values, attitudes, beliefs, lifestyles, and buying behaviors.
- e.** Lower class people have a short-term orientation, are more emotional than rational, think in concrete, not abstract terms, and see fewer personal opportunities.
- f.** Members of the upper classes focus on achievements and the future and think in abstract or symbolic terms.
- g.** Firms use social class to identify and reach prospects for their products and services and also recognize differences in media preferences among classes.

E. Culture and Subculture

- *Culture* refers to the set of values, ideas, and attitudes that are learned and shared among the members of a group.
- **Subcultures** are subgroups within the larger, or national, culture with unique values, ideas, and attitudes.
- The three largest racial/ethnic subcultures in Singapore are Chinese, Malays, and Indians. Each group exhibits sophisticated social and cultural behaviors that affect buying patterns, which provides the basis for multicultural marketing programs.
- Besides race, subculture can be associated with other variables such as sexual orientation.
- Previously regarded as a societal taboo, Thailand's gay population is now seen as big spenders. A recent survey conducted by Nano Search Company has shown that the market for gay products has become one of the most attractive markets in Thailand. The survey found that despite the economic slowdown, sales of cosmetics, apparel, and trendy cell phones have grown, partly due to the demand from homosexual buyers.
- Subculture can relate to activities too.
- In Japan, a "cute" subculture has been identified, with young Japanese women as its origin. This subculture revolves around the consumption of cute goods and services, the wearing of cute clothes, and the faking of childish behavior and innocent looks.
- Three important elements of the cute culture are scarcity, originality, and speed.

LEARNING REVIEW

7. What are the two primary forms of personal influence?

Answer: opinion leadership; word of mouth

8. Marketers are concerned with which types of reference groups?

Answer: membership groups; aspiration groups; dissociative groups

9. What products tend to attract the middle class and what others tend to attract the upper class?

Answer: In general, people in the upper classes are targeted by companies for items such as financial investments, expensive cars, and formal evening wear. The middle classes represent a target market for home improvement centers, automobile parts stores, and personal hygiene products.

APPLYING MARKETING KNOWLEDGE

1. Review Figure 5-2 in the text, which shows the MP3-capable CD player attributes identified by *Consumer Reports*. Which attributes are important to you? What other attributes might you consider? Which brand would you prefer?

Answers: Flash memory MP3 player attributes that are considered important include:

Retail price

Audio quality

Ease of use

Picture quality

Headphone quality

Audio playback time (hours)

Based on the attributes shown in Figure 5-2, the higher-price Cowan iAudio U3 (\$180) or the highest-priced iRiver U10 (\$200) may be chosen since these two models have the highest ratings across the four major attributes.

2. Suppose research at Panasonic reveals that prospective buyers are anxious about buying high-definition television sets. What strategies might you recommend to the company to reduce consumer anxiety?

Answers: Strategies Panasonic might adopt in order to reduce uncertainty perceptions by prospective buyers include:

- a. Focus promotional activities on the benefits of better picture, higher quality, and greater enjoyment from watching in the comfort of your own home.
- b. Create ads showing ease of operation to produce a higher-quality picture.

- c. Provide high customer service at point of purchase.
3. **A Porsche salesperson was taking orders on new cars because he was unable to satisfy the demand with the limited number of cars in the showroom and lot. Several persons had backed out of the contract within two weeks of signing the order. What explanation can you give for this behavior, and what remedies would you recommend?**

Answers:

- a. **Explanation of the behavior.** The fact that several persons “backed out” of their Porsche contracts within two weeks of signing suggests that they experienced a high level of cognitive dissonance following their purchase decision.
- b. **Remedies to recommend.** A salesperson might remedy this situation by phoning those individuals who recently signed contracts and reinforcing their decisions.
4. **Which social class would you associate with each of the following items or actions: (a) golf club membership, (b) an arrangement of plastic flowers in the kitchen, (c) Bata shoes, (d) Coach bags, (e) formally dressing for dinner frequently, and (f) being a member of a bowling team.**

Answers:

| <u>Item or Action</u> | <u>Social Class</u> |
|---|---------------------|
| a. Golf club membership | Middle to upper |
| b. Plastic flowers arrangement in kitchen | Lower |
| c. Bata shoes | Lower to middle |
| d. Coach bags | Middle to upper |
| e. Formally dressing for dinner | Upper |
| f. Bowling team member | Lower to middle |

5. **Assign one or more levels of the hierarchy of needs and the motives described in Figure 5-5 to the following products: (a) life insurance, (b) cosmetics, (c) *The Wall Street Journal*, and (d) hamburgers.**

Answers:

| <u>Item or Action</u> | <u>Need</u> |
|-------------------------------|---------------|
| a. Life insurance | Safety |
| b. Cosmetics | Social |
| c. <i>Wall Street Journal</i> | Personal |
| d. Hamburgers | Physiological |

6. **With which stage in the family life cycle would the purchase of the following products and services be most closely identified: (a) bedroom furniture, (b) life insurance, (c) a round-the-world holiday package, (d) a house mortgage, and (e) children's toys?**

Answers:

| <u>Product or Service</u> | <u>Stage in the Family Life Cycle</u> |
|------------------------------------|---|
| a. Bedroom furniture | Young married without children |
| b. Life insurance | Young married with children |
| c. Round-the-world holiday package | Older married or older unmarried |
| d. House mortgage | Young married with or without children |
| e. Children's toys | Young married with children; older married/unmarried |

7. **“The greater the perceived risk in a purchase situation, the more likely that cognitive dissonance will result.” Does this statement have any basis given the discussion in the text? Why?**

Answer: Perceived risk represents the anxieties felt because the consumer cannot anticipate the outcomes of a purchase but believes that there may be negative consequences (cost, safety, performance, or psychosocial). Typically, the greater the perceived risk, the more extensive the external research phase is likely to be for consumers before a purchase is made in an attempt to reduce the negative consequences that may result after the purchase. Accordingly, this extensive external search will most likely produce a larger number of attractive alternatives and therefore a greater propensity for cognitive dissonance to develop once a purchase decision is made. However, when faced with two or more highly attractive purchase alternatives, consumers, after purchasing one of them, may experience cognitive dissonance, a feeling of post-purchase psychological tension or anxiety, or wishing they had bought one of the other alternatives.

BUILDING YOUR MARKETING PLAN

To do a consumer analysis for the product—the good, service, or idea—in your marketing plan:

1. **Identify the consumers who are most likely to buy your product—the primary target marketing—in terms of (a) their demographic characteristics and (b) any other kind of characteristics you believe are important.**

2. **Describe, (a) the main points of difference of your product for this group and (b) what problem they help solve for the consumer in terms of the first stage of the consumer purchase decision process in Figure 5-1.**
3. **Identify the one or two key influences for each of the four outside boxes in Figure 5-4: (a) marketing mix, (b) psychological, (c) sociocultural, and (d) situational influences.**

This consumer analysis will provide the foundation for the marketing mix actions you develop later in your plan.

For existing businesses, a look at company records or scrutiny of customers, say, visiting the shop may provide specifics on the characteristics of the primary target market customers. This may also suggest key new segments to try to reach. For new businesses, students may refer to Chapter 9 to discover alternative ways to segment potential customers.

What makes our product or service more desirable to potential customers than offerings of competitors? These are the key “points of difference” that are the foundation for possible success for the product or service described in the student marketing plan. Typically these points of difference tie to a customer problem to be solved—a more convenient location, better service, higher-quality offering, and so on.

The influences that emerge in this step often become the basis for marketing mix decisions developed later in the student plan.

Helping with Common Student Problems

Student marketing plans often lack clear definitions of (a) the primary target market segments of customers and (b) points of difference. Without these, the marketing plan quickly loses focus.