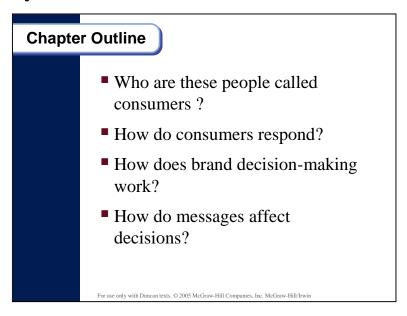
CHAPTER 5: CONSUMER RESPONSE

Chapter Objective

To explain how individuals react to marketing communications messages and how these reactions can translate into different types of buying behavior.

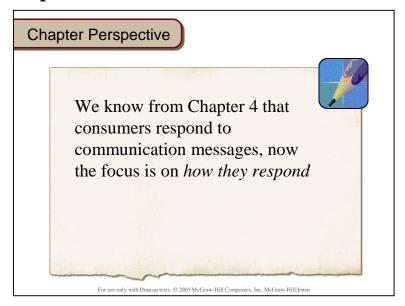
Chapter Key Points



This chapter addresses four fundamental issues:

- 1) Who are these people called consumers?
 - The chapter describes the different types of individuals who receive marketing communications messages.
- 2) How do consumers respond to marketing communication?
 - The chapter explains some of the different ways that individuals react when they are exposed to marketing communications messages
- 3) How does the consumer's brand decision making work?
 - The chapter outlines a four-step process that explains how brand decision making occurs.
- 4) How do MC messages affect that decision making process?
 - The chapter defines the concept of persuasion and identifies different strategies marketers can use to persuade their target audience.

Chapter Perspective



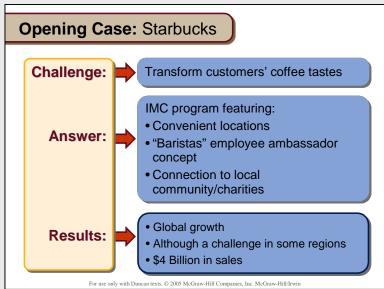
The text asks students to imagine there were at a party last weekend and heard a new CD. A friend mentioned it was by a great new group and she really likes their music. Two days later while leafing through *Rolling Stone*, the student sees a review of this CD and the group. Next day the student is in a record store and sees a poster announcing the group's new CD release. Although a marketer would be interested to know about the various types of messages you received about this group and its new CD, what a marketer *really* wants to know is *how the student responded* to those messages.

The previous chapter outlined the communication process, a process that ends with a response or feedback. Even though much of the reaction to marketing communication messages is internalized and hard to dig out through formal research, we know these responses occur, and that they drive people's decision making.

However, before you can understand how MC messages work to impact on the consumer attitudes and behaviors that lead to a particular brand choice, you need a more general understanding of how consumers go about making brand decisions. This chapter, then, focuses on four topics—consumers, their responses to messages, their brand decision process, and the persuasive impact MC messages can have on these decisions.

Opening Case: Starbucks





<u>Challenge</u>: Transform customers' coffee tastes

Answer: An IMC program featuring:

- Numerous, convenient locations
- Comfortable, hip atmosphere
- "Baristas" employee ambassador concept
- Connection to local community/charities

Results:

- Global growth (although a challenge in some regions)
- \$4 Billion in sales

Discussion Starters:

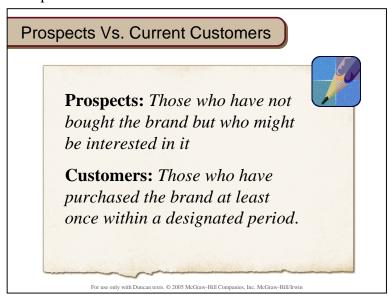
- 1) How many students in this class have been in a Starbuck's store?
- 2) Does Starbuck's coffee taste any better than other coffees?
- 3) Why do you think Starbuck's has been so successful and other coffee houses and chains have not?

Lecture Outline

- I. <u>Prospects and Customers, Consumers and Business Buyers</u>
 - A. Consumer behavior



- i. How people think about, buy, and use products as a response to MC messages
- B. Prospects vs. current customers



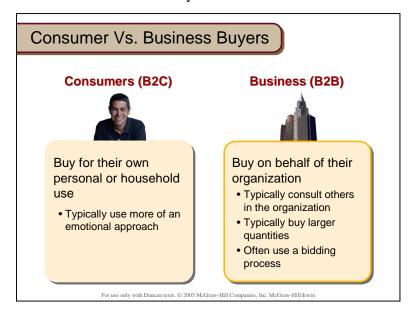
i. Prospects

1. Those who have not bought the brand but who might be interested in it

ii. Customers

1. Those who have purchased the brand at least once within a designated period

C. Consumer vs. business buyers



i. Consumers (B2C)

- 1. Buy for their own personal or household use
- 2. Typically use more of an emotional approach

ii. Business (B2B)

- 1. Buy on behalf of their organization
- 2. Typically consult others in the organization
- 3. Typically buy larger quantities
- 4. Often use a bidding process

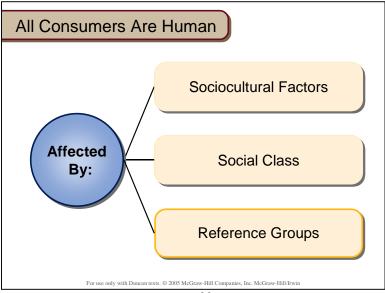
► INSTRUCTOR IN-DEPTH INSIGHT: DERIVED DEMAND

B2B buying Companies buy goods and services from other companies for one of three purposes: (1) to resell to individuals or other companies such as distributors and retailers, (2) to use in the production of other goods and services, and (3) to use in the process of running a business or office. Their buying decisions are (or should be) based on what the end user wants and is willing to pay for. This is called derived demand because a company derives its need for a particular product from another company or a group of consumers.

For example, when General Motors (GM) makes cars, it buys from other companies many of the things that go into its cars, such as radios, tires, and batteries. Car buyers demand that such components be of a certain quality and design. Therefore, a manufacturer of car radios will market not only to General Motors, but also to General Motors' dealers and customers, because both dealers and customers influence how GM makes and equips its cars. Consequently, the radio manufacturer should get to know the needs and wants of its customer's customers (i.e., GM's customers) and address these in its sales materials. In this way the radio maker can anticipate what its business customers will be buying. Also, it can influence the customers of the targeted businesses to request the company's products.

The Intel Inside campaign is an example of a marketing communication effort that encourages customers to demand Intel processors in the computers they buy. This, in turn, puts pressure on computer manufacturers to buy computer chips from Intel. This is called a "pull" strategy.

D. All consumers are human



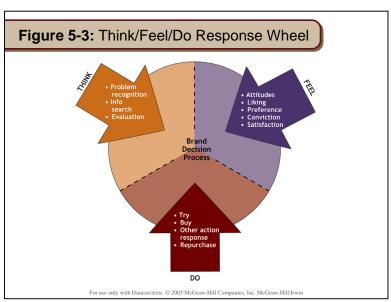
i. Affected by:

- 1. Sociocultural factors
 - a. Example: alcohol is not appropriate in some Islamic societies
- 2. Social class
 - a. Example: Loose classes exist in the U.S.
- 3. Reference groups
 - a. Example: family, friends, fellow workers
- 4. Personal factor
 - a. Example: individuals have different needs and wants
 - b. Other examples:
 - i. Attitudes, opinions, beliefs
 - ii. Personalities
 - iii. Motivations

II. How Brand Decision Makers Respond to MC Messages

- A. Factors to consider...
 - i. Hierarchy of effects
 - 1. Attention
 - 2. Interest
 - 3. Desire
 - 4. Action

B. Think/Feel/Do

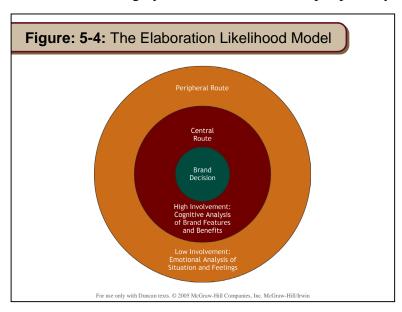


- i. Responses don't always follow the AIDA order
- C. Involvement level differences
 - i. Example: High involvement products (cars) can require more "thinking" than low involvement products (brooms)
- D. Relevancy differences
 - i. Example: eyeglasses are important fashion statements
- E. Risk differences
 - i. Example: consumers don't like negative surprises in the products they buy

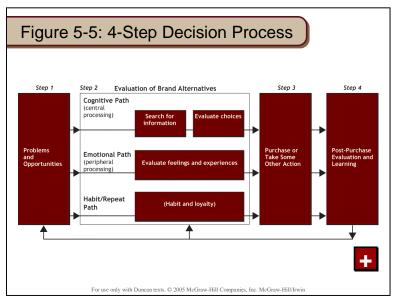


F. Elaboration differences

ii. Example: consumers process some messages "centrally" if they are highly motivated, and others "peripherally"



III. How Brand Decision Making Works





- A. The overriding objective of marketing communications is to encourage the 4-step brand decision-making process
 - i. Step 1: Recognize a problem/opportunity
 - 1. If a need does not exist, MC can help create it

► INSTRUCTOR IN-DEPTH INSIGHT: VALUE EQUATION

Insight: A Perceptual Formula



Some marketers look at consumer satisfaction in terms of a formula:

Desire/Want/Need = Reality

For consumers to be satisfied, the left side of the equation must equal the right side. MC can impact the left side by creating consumer perceptions of how desirable the brand really is.

Desire/want/need = Reality

The idea is, for a person to be satisfied, the left side must equal the right side. When two sides do not equate there is am imbalance that MC can affect. In the same way, MC can create an imbalance by igniting a desire, need, want or informing customers that their reality is not as good or satisfying as it could be.

ii. Step 2: Awareness and Evaluation

- 1. Goal: to get your brand into the evoked set
 - a. The group of brands that comes to mind when a person thinks of a product category because the person has judged them to be acceptable

> Instructor In-Depth Insight: Mental Links

Insight: Mental Links



The more mental links (or cues) of a brand's benefits that can be created within the target audience's memory, the more likely the brand will be recalled when a relevant problem or opportunity presents itself. The reality is, however, most people are able to recall only a very small percent of the brands that exist. This is why companies continuously advertise—to help keep their brands top-of-mind and easily recalled when a person (or company) is faced with a problem or opportunity.

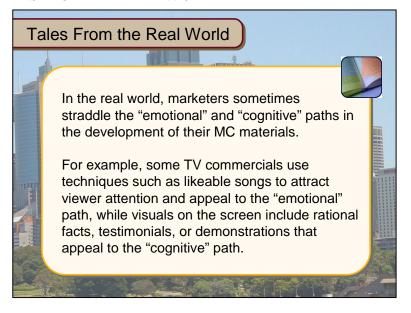
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2. 3 Paths:

- a. Habit/Repeat
- b. Cognitive
- c. Emotional



TALES FROM THE REAL WORLD



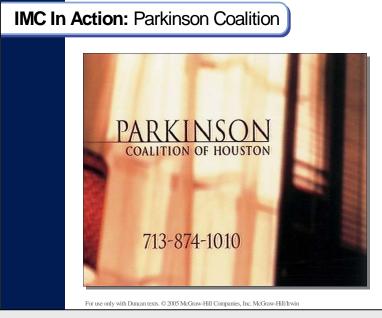
In the real world, marketers sometimes straddle the "emotional" and "cognitive" paths in the development of their MC materials.

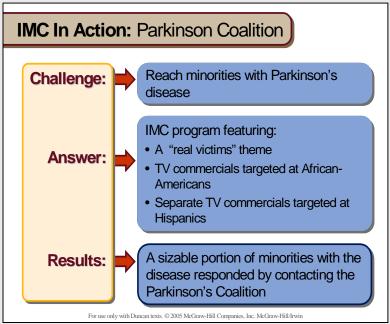
For example, some TV commercials use techniques such as likeable songs to attract viewer attention and appeal to the "emotional" path, while visuals on the screen include rational facts, testimonials, or demonstrations that appeal to the "cognitive" path.

iii. Step 3: Action

- 1. Some type of behavior
 - a. To purchase or not to purchase
 - i. Often this step is addressed with sales promotions to motivate immediate action

IMC in Action: Parkinson's Coalition





Challenge: Reach out to minorities with Parkinson's disease

<u>Answer</u>: An IMC program with "real victims" theme, featuring:

- TV commercials targeted at African-Americans
- Separate TV commercials targeted at Hispanics

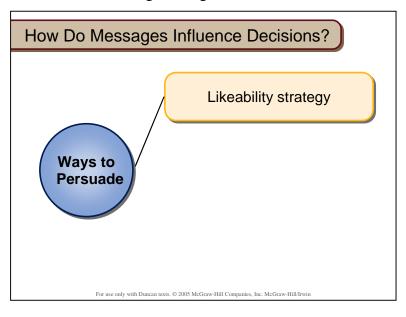
Results: A sizable portion of minorities with the disease responded by contacting the Parkinson Coalition

Discussion Starters:

- 1) Most of us think of IMC being used primarily by for-profit firms. Ask students if they can think of any examples of other not-for-profits using marketing communications.
- 2) Some might say that a for-profit should not be spending money on marketing. Ask students to vote on whether they think it is appropriate.
- 3) If you are using the IMC Plan Semester Project, this might be a good time to brainstorm about ways not-for-profit organizations can use marketing communications to achieve their objectives.
 - iv. Step 4: The review of a purchase decision
 - 1. Consumers think about their purchase and arrive at some degree of satisfaction—or dissatisfaction
 - a. Did I make the right decision?

IV. How MC Messages Influence Consumer Decisions

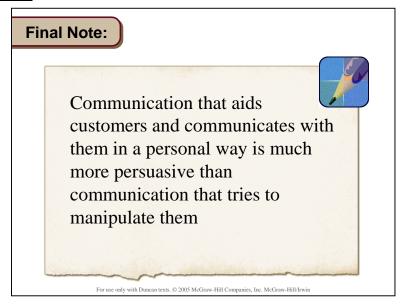
- A. To accomplish their goal, MC messages must be persuasive
 - i. Persuasion
 - 1. The act of creating changes in attitudes and behaviors
- B. Ways to persuade
 - i. Attitude change strategies



- a. Likeability strategy
- b. Believability and Trust

- i. Example: Consumers believe a news article about a brand more than an ad featuring
- c. Arguments and Reasons
 - i. Example: using a product demonstration to provide evidence

V. Final Note



Communication that aids customers and communicates with them in a personal way is much more persuasive than communication that tries to manipulate them.

Answers to Review Questions

1) Who Are These People?

a. How do prospects and customers differ? How do MC messages need to be adjusted for these two different types of people?

Answer: Prospects are those who have not bought the brand but who might be interested in it and customers are those who have purchased the brand at least once within a designated period. From a company perspective, motivating a prospect to buy for the first time is the process of acquiring a customer and thus requires an acquisition strategy, an important objective of which is creating brand awareness. Motivating a customer to make repeat purchases, however, is a retention strategy. Here, rather than focusing marketing communication on brand awareness (since it has already been achieved to some extent), MC messages keep the brand top-of-mind and motivate more frequent purchases.

b. How do consumers and business buyers differ. How do MC messages need to be adjusted for these two different types of people?

Answer: For business (B2B) buyers, the buying decisions of prospects or current customers call for different levels of involvement and cognitive processing than consumer (B2C) buyers typically use. Most business decisions makers, for example, go into more depth in research and analysis than do consumers, and they use more of a cognitive approach, rather than an emotional approach.

- c. Give an example of how society and culture affect someone's decision to buy a product.

 Answer: Student answers will vary widely on this question, but it is always fun to give students a few moments to consider the question and then go around the class and have them respond with one example from their own experience. In large classes, the instructor can call on students randomly. A common example that many students may cite is the ownership of a cell phone. Ten years ago, only a rare student had a cell phone. Now, due in part to societal and cultural influences, almost all students carry one.
- d. What is a reference group? Choose a reference group to which you belong and explain how that group has influenced some buying decision that you have made.

Answer: The text defines a reference group as the associations and organizations with which people identify or to which they belong and which influence their attitudes and behaviors. For customers, reference groups include family, friends, fellow workers, recognized category experts, as well as well-known people (e.g. athletes, entertainers, politicians).

Student answers to the second part of the question will again vary, but it is a very useful exercise to ask students which reference groups are relevant to them. Their answers to the buying decision question also help to illustrate the link between reference groups and behavior. Some students may cite their fraternity or sorority as an important reference group, and then point to certain clothing or styles that they wear in recognition of their membership.

e. How do a need and a want differ. Give an example of how a purchasing decision you have made in which the distinction between a need and a want is apparent.

Answer: Demand for goods and services is motivated by human needs and wants, which are the biological and psychological motivations that drive actions. While both biological needs (such as for food or shelter) and psychological ones (such as for love or respect) require more immediate response, wants command a lot of attention in consumers' minds.

Students should have some interesting responses to the second part of the question. One suggestion would be to have the students consider their cell phones and then ask for a vote of how many believe it to be a need versus a want. Their explanations should be interesting because many have been influenced by social, cultural and marketing forces to believe they really need their phone.

2) How Do Consumers Respond to Marketing Communication?

- a. What does AIDA stand for, and why is it referred to as a hierarchical model?

 Answer: AIDA is an acronym derived from four persuasive steps or desired effects that a brand message might have on customers and prospects: attention, interest, desire, action. It is referred to as hierarchical, because it assumes that each effect occurs in a certain order, in the same fashion that a hierarchical organization has a clear order of authority.
- b. How does the think/feel/do model differ from AIDA?
 - Answer: The think/feel/do model recognizes that buyers don't always take the decision steps in a specific order like the one suggest by AIDA. The think/feel/do order of responses, for example, vary by product category, type of buyer (business or consumer, customer or prospect), buying situation, but most of all by level of involvement, which refers to the degree of personal relevance a product or message has for a decision maker. For example, most people approach high-involvement purchase decisions (such as buying a car) by "thinking" about them first. In contrast, the first response when considering a low-involvement purchase is more likely to be "feeling" or even "doing." You buy a package of gum, for example, because you feel like having some gum.
- c. Why do hierarchy-of-effects models shed more light on the decision making of new buyers than repeat buyers?
 - Answer: The hierarchy-of-effects model is more important to first time buyers since they are not familiar with the brand yet, and are likely to have to experience all four levels. Repeat buyers are more likely to skip some or most of the levels and go right to action: either buying the brand again if they had a good experience, or buying another brand if they had a bad experience.
- d. Find ads (or other types of marketing communication) that illustrate the think/feel/do variations. Analyze how they work. Analyze them also in terms of how they deliver or cue the AIDA effects.
 - Answer: This is a good homework assignment for students prior to a quiz or test on the chapter because it will help illustrate the way the two models work. First, students would be expected to bring to class one printed example for each of the think/feel/do concepts. An example would be an ad for mutual funds displaying rate of return data over the past 5 years.

This ad would illustrate the "think" concept because it was designed for consumers looking for very specific data to support their purchase. As it relates to AIDA, this type of ad would more likely appeal to the "interest" or "desire" level. A second example could be a Nike magazine ad with a striking photo of a leading athlete using the brand. This ad would tend to illustrate the "feel" concept because it was designed to elicit a favorable emotional response with consumers who like and/or admire the athlete. As it relates to AIDA, this ad would more likely appeal during the "attention" or "interest" level. Finally, a website for an online music purchase site featuring an "order 1 download now and receive a second one free" message. This would tend to illustrate the "do" concept because it encourages immediate behavior, and would fit best with the AIDA concept of "action."

e. Explain the difference between low and high involvement. Is the difference determined by the product, the consumer, or the communication?

Answer: Products such as food staples (milk, bread, butter) and utility products (brooms, batteries, detergents, toilet tissue, gasoline) are perceived as low-involvement products because they are relatively cheap, bought frequently without much consideration, and are perceived as low risk. High-involvement products, such as cars and computers, are considered to be products for which people perceive differences among brands and are willing to invest prepurchase decision-making energy. Typically, such purchases are more expensive and have greater social consequences, and as such are perceived as high-risk.

The difference between perceived involvement level can be due to all three factors. For example, some products, such as cars, are by their nature, somewhat special purchases, even for wealthy individuals, because they often involve personal decisions like color, style, etc. On the other hand, some products perceived to be low involvement by some individuals, such as brooms, could be perceived quite differently by a maintenance person whose success at work depends upon a sturdy, useful broom. Finally, some products can differ on involvement level due to the very nature of how they are communicated to consumers. For example, a simple cleaning product sold in a retail store may be considered a somewhat low involvement product, but when it sold to you by a friend in Amway, it becomes a higher-involvement decision.

f. Explain the relationship between relevance and levels of involvement. Give an example of how relevance has affected a buying decision that you have made.

Answer: The key in determining the level of involvement is personal relevance, which means the product or its message is pertinent and connects with the customer's personal interests. For example, if you need a new pair of glasses, you will be more receptive to brand messages in this goods and service category. You'll want to make sure that the optometrist you select can competently provide glasses that match your prescription. You may also be concerned about the look of the glasses and picking out the right style frames. The brand name on the frame is, for some, an important fashion statement. This personal relevance makes a new pair of glasses a high involvement purchase.

The second part of the question will have many different student answers. This is another example of a good classroom discussion item. Because it involves a bit more personal thought, not every student may have an immediate answer, so it may be best to ask for volunteers to provide examples. The eyeglass example above is a good one that some students may mention.

g. Explain how the concept of elaboration affects the way you make brand decisions. Give an example from your own experience.

Answer: The notion of elaboration refers to the degree to which customers think about a message and relate the information to their own lives as they make purchase decisions. This concept proposes two paths customers use in processing information about a product. They are the central route, which is followed when the customer is highly involved in the decision and the product is highly relevant, and the peripheral route, which is followed when the customer is less involved and the product has a lower level of personal relevance

Like (f) above, the second part of this question involves a bit more personal thought, so it may be best to ask for volunteers to provide examples. One relevant example for members of the class could be college advertising. Students may tend to process competing college advertisements more centrally because they are more motivated to do so because of their unique place within a university.

3) How does brand decision making work?

a. How does a problem differ from an opportunity? Find an ad that uses the problem approach and another that focuses on opportunities. Explain how the messages work. Answer: Purchase decision-making begins in one of two ways: either by recognizing a problem that creates a need (or want) or by recognizing an opportunity that will provide a benefit not previously thought of or considered possible.

Student examples will again vary, but some common examples of ads using a problem approach would be for product such as household cleaning brands that help remove "tough stains" versus examples of new technological devices, such as MP3 players that promise the capability of carrying hundreds of songs with you in a small device.

b. Distinguish between needs and wants, as well as problems and opportunities. Give an example of each that might motivate the purchase of a product.

Answer: As noted in question 1 (e) above, biological and psychological needs typically require a more immediate response from consumers, although wants can also be powerful motivators. Question 3 (a) highlights the differences between problems and opportunities. Student responses will vary, but this is a good opportunity to go around the classroom and to ask students for examples of each. Some examples that students might cite are: need: something to eat for dinner; want: a fresh, hot pizza with your favorite toppings; problem: ordering pizza delivery because the dining hall is closed; opportunity: the chance to order a movie rental along with the pizza delivery.

c. Find an article in the business press about consumer trends. Brainstorm with others in your class and come up with ideas for new products that would address these consumer needs and wants.

Answer: This would be a good homework assignment. A suggestion to assist with assignment would be have students check in the university library's computer databases using the key words "lifestyle trends" or "consumer trends."

d. What are the three paths to a brand decision? Explain each one and give an example of each.

Answer: As part of the evaluation step in the consumer buying process, consumers can take one (or a combination of) of three approaches. The first approach, called the habit/repeat path, is simply to buy the same brand that was bought before. Using the example of a car purchase, this would describe a consumer who is satisfied with the brand of car they are now driving, with no motivation to change brands. This path is the easiest and quickest to take. Some people, however, begin the brand decision-making process by taking the second path, a cognitive approach, searching for information about various brand alternatives and then thoughtfully analyzing this information. These individuals might use automotive-oriented web sites to search for information. The third approach is used by others who take a more emotional approach. They look at the styling image of the car, and imagine how the car would make them feel.

e. Why are there fewer steps in the habit/repeat model than in the cognitive or emotional approaches?

Answer: This approach assumes that the consumer is satisfied with their current brand, and therefore, not motivated to take any unnecessary actions like researching different brands or looking for other brands that they might have an emotional connection with. This approach is similar to an autopilot, where the consumer simply exerts the least amount of effort to make the purchase.

f. Contrast cognitive learning theory and conditioned learning theory.

Answer: Cognitive learning theory views learning as a mental process involving thinking, reasoning, and understanding. According to this theory, we think by comparing new information to what we already know (i.e., thoughts and information filed away in our memory). On the other hand, conditioned learning views learning as a trial-and-error process. We confront a new situation, respond in a certain way, and something happens. If what happens is good, then we are likely to develop a positive feeling about it and respond the same way the next time we are in that situation. If the experience is bad, then we'll change our response and try something else.

4) How Do MC Messages Affect That Decision-Making Process?

a. Explain the role of persuasion in marketing communication.

Answer: Persuasion is critical to marketing communication because persuasive messages must be designed to get customers and prospects to think and feel positive about a brand, and to make that brand their choice when selecting a product.

b. What are the two dimensions of attitudes? Identify a product category with which you are familiar and identify your own attitude structure about that category.

Answer: Attitudes have two dimensions—direction and degree of conviction. Attitude direction is whether the feeling is positive or negative. Degree of conviction is how sure customers are about their attitude, how strong the feeling is (e.g., slightly positive, very positive, slightly negative, very negative).

This is another question where student responses will require some thought, and time to express, so it may be more practical to ask for volunteers to answer in class. Some examples might include: "I don't think I like that new nightclub that opened up the other day because it looks so dark inside (direction)"; "But I might be willing to try it if all my friends go there some night (degree of conviction)"

c. What are the four types of attitude and belief change strategies. Pick a high-involvement product that you are interested in buying and explain how you might respond to MC messages using each of the four change strategies.

Answer: The four types of approaches MC managers use include attitude change strategies; likeability; trust; and believable arguments to increase the persuasiveness of brand messages and lead to desired consumer responses.

The second part of the question should lead to some interesting classroom discussion. An suggestion to keep the discussion focused is to agree on one type of product that is relevant to the class (i.e. sports cars, computers, DVD players), and then to have each student discuss the impact of one of the four change strategies. For example, likeability might be particularly important for a sports car since it represents a major lifestyle decision for the buyer.

d. What is the difference between liking the brand and liking the ad? Find an example where the two likeability factors are working at cross purposes (either you like the brand but not the ad, or the reverse).

Answer: There are two dimensions to liking: liking the brand and liking the message. Some advertising managers argue that liking a brand message is not important as long as customers remember the brand. They say that irritating ads may even attract more attention and stay in memory longer than appealing messages. Research, however, has found a positive correlation between liking the message and liking the brand.

Student responses to this question should also provide some fun classroom interaction because everyone has favorite and "most hated" ads and products. An example of these two factors working at cross purposes could be: "I hate that new ad for Nike with that runner, but Nike is still my favorite shoe."

e. Collect cigarette ads that you feel are aimed at young people. Analyze how they affect attitudes in their attempt to sell cigarettes. Compare these ads with those in the Arizona "gross out" campaign and other such antismoking campaigns. Which ones do you feel are most effective? Why?

Answer: This would also be a good homework assignment. One suggestion to add even more interest for students in the assignment would be to invite an expert from your local or state health department who specializes in anti-smoking efforts. They will likely have even more insight into the relative effectiveness of different anti-smoking marketing efforts.

Chapter Challenge

Writing Assignment

The Parkinson's Coalition case in the IMC in Action box provides an example in which customers used both the head and the heart to make a decision. Explain how these different styles of reasoning work and how marketing communication can influence them. From what you have learned about customer decision-making processes, what would you recommend to the Parkinson's Coalition for next year's campaign?

Presentation Assignment

You have been hired by a local coffeehouse to analyze its customers' behavior. But first the manager wants you to give the organization's employees a crash course in brand decision-making basics. Go back through the entire chapter and list all the tips you can find about how to use marketing communication to effectively relate to retail customers in a coffeehouse. Prepare a presentation to the store owner and manager on those factors that you think are most relevant to their marketing situation. In particular, what are the various factors you believe their marketing communication should address that would influence behavior, i.e. their purchase of coffee drinks and other products sold in the store? Develop an outline of the key points you want to present. Give the presentation to your class or record it on a videotape (audiotape is also an option) to turn in to your instructor, along with the outline.

Internet Assignment:

Browse the Motley Fool website (www.fool.com) and find a discussion that relates to consumer behavior. Write a report on this topic, explaining it in terms of consumer response and brand decision making as described in this chapter.

Research Assignment

Consult the articles and books in the Additional Readings section at the end of the chapter and others that you find in the library that relate to consumer behavior and explain how advertising and other forms of marketing communication are successful (or not successful) in influencing the consumer decision process. Develop a marketing communications plan for the introduction of a new product of your own choice that makes the most effective use of marketing communication to influence the brand decision process of your target audience.

IMC Plan Team Assignment

At this stage in their semester-long project, it would be helpful to consider how consumer for the client's brand move through the brand decision-making process discussed in the chapter. For this assignment, students will be asked to identify the primary type of consumer they intend to target with their plan, and to discuss how these individuals would ideally move through each stage in the 4-step buying decision process.

IMC Final Project Checklist #5

Due Date:	
	Your Agency Name:
	Consumer target type Identify which of the following types of individuals you are targeting: - prospects and/or current customers? - consumer or business?
	Buying decision steps Identify how you would like the individuals you identified above to follow through the four buying decision steps outlined in the chapter for your brand.
	Step 1:
	Step 2:
	Step 3:
	Step 4: