

Chapter 6: Personality, Lifestyles, and Values

Personality: a person's unique psychological makeup and how it consistently influences the way he/she responds to the environment

Freudian theory: personality is a conflict between self-gratification and responsibility to society

- **Id:** pleasure principle (the party animal)
- **Superego:** the conscience
- **Ego:** mediates between id and superego (the referee)

Freudian theory used in marketing:

- We have unconscious motives behind our purchases
- Ego relies on the symbolism in products to compromise between the demands of the id and the prohibitions of the superego. (person channels inner desires by purchasing products that satisfy them)
 - Connection between product symbolism and motivation
- Examples: sports car is a sub for sexual gratification in men
- Phallic symbol (appeals to women)- objects that resemble sex organs (cigarettes, cigars)

Motivational research (Dichter): Socially unacceptable needs are channelled into acceptable outlets.

- This research is based on psychoanalytic Freudian interpretations, heavily emphasizing unconscious motives.
- To unlock hidden meanings in product and advertising
- Process → in-depth interviews with consumers
- Latent motives for purchases- ice cream, beauty products → social acceptance

Pros and Cons of Motivational Research:

- **Pros**
 - Quick and less expensive than large-scale surveys
 - Powerful "hook" for communication strategy
 - Seems intuitively plausible
 - Validity gets enhanced with other techniques
- **Cons**
 - Extreme positions- either works well, or invalid
 - Motivational researchers are heavily influenced by Freudian theory (their interpretations usually carry strong sexual overtones which make them tend to overlook certain behaviour)

Non-Freudian theories of Personality:

- **Karen Horney:** people can be described as moving towards, away, and against others.
- **Alfred Adler:** motivation performs to overcome inferiority to others
- **Harry Stacks Sullivan:** personality evolves to reduce anxiety in social relationships
- **Carl Jung:** disciple of Freud- unable to accept Freud's emphasis on sexual aspects of personality. He made his own approach called **analytical psychology**
 - This approach emphasized the individual's development as a creative person and their individual/racial history in the formation of personality
 - He believed people are shaped by cumulative experiences of past generations from **collective unconscious** (storehouse of memories)
 - **Archetypes:** universally shared ideas and behaviour patterns. (these themes include birth, death, etc)
 - Some of the archetypes identified by Jung → old wise man, mother earth
 - Resulted in **BrandAsset Valuator (BAV)** which measures brand personality using **BrandAsset Archetypes**
 - Measuring the healthy of a brand's personality with **BAV** can act as an early warning signal to a troubled brand.

Trait theories

- **Trait:** identifiable characteristics that define a person
Examples → innovativeness, self-consciousness, need for cognition
- **Idiocentrics:** those who have an individualist orientation (higher contentment, workaholics, travel and entertainment)
Allocentrics: those who have a group orientation (higher health-consciousness, food Preparation, building/creating craft objects)
- **3 personality traits relevant to marketers**
 - 1) **Need for uniqueness**
 - 2) **Public self-consciousness**
 - 3) **Need for cognition**

Positioning

- Brand personality is a reflection of brand positioning
- **Brand personality:** set of traits people attribute to a product as if it were a person
Example → tony the tiger
- Feelings about a brand personality is important to brand equity
- **Brand equity:** extent to which consumers hold strong, favourable, and unique associations with a brand in memory (and the extent to which they are willing to pay more for the branded version of a product than for a non-branded, generic version)

- Use re-positioning to generate/revive interest in product
- Constantly monitoring personality, therefore **positioning is a key to brand health**
- **Animism:** the process whereby inanimate objects are given qualities that make them somehow alive. 2 levels:
 - Level 1 → object is associated with human (grandma always gave Kraft jam)
 - Level 2 → objects are anthropomorphized (Pillsbury dough)

Lifestyle: Refers to a pattern of consumption reflecting a person's choices of how he or she spends time and money.

- Reflects individual choices of how one spends time and money- who are we and what we do?

Today, lifestyles as group identifiers

- Forms of expressive symbolism
- Self-definition of group members are derived from the common symbol system which to which the group is dedicated- terms include lifestyle, taste public, consumer group, symbolic community, status culture
- Each person provides a unique "twist" to be an "individual"
- Evolving tastes/preferences over time

The essence of Lifestyles

- Presenting product usage in desirable social settings
- Consumption style and pattern
- Patterns of behaviour being leveraged
 - Co-branding strategies
 - Product complements
 - Consumption constellations: define, communicate and perform social roles
- Product complementarity: when the symbolic meanings of different products are related to each other (sets of these products → consumption constellations)

Psychographics: The use of psychological, sociological factors to determine how the market is segmented to make a particular decision about a person, place, or thing.

- A powerful way to look at consumer markets and what can bridge their needs
- Psychological sociological and anthropological factors used increasingly to
 - Identify market segments
 - Identify their reasons for choosing products
 - Customize offerings to meet needs of different segments

Psychographics usage/analysis

- lifestyle profiling: can help differentiate between users and nonusers of a product
- product-specific profile: profiles consumers based on product-related dimensions
- lifestyle segmentation: places respondents into homogenous groups based similar preferences
- product-specific segmentation: questions to a product category

AIO

- grouping consumers according to: ACTIVITIES, INTERESTS, OPINIONS
- powerful way to unite consumers based on common ground
- identifies heavy, moderate, and light users. (targeting heavy users and the benefits they derive from products)

Power of psychographic segmentation:

Potential usage

- define target market
- create new view of market
- position product sharper to a “segment”
- develop better communication or communicate product attributes
- develop/provide focus to overall strategy
- market social/political issues

VALS (Values And Lifestyles): most well-known and widely used segmentation system

- Divides ppl into 8 groups (income, education, energy levels, eagerness to buy)
- Innovators → thinkers, achievers, experiencers | believers, strivers, makers → survivors

Geodemography: . An analytical technique that combines data on consumer expenditures with geographic info to identify consumers who share common consumption patterns.

- People with similar needs and tastes tend to live near one another

Values: a belief that some “condition” is desirable and good in preference to its opposite

- Values are central to what makes the consumer what he/she is and differentiates their consumption
- 2 ppl can believe in same behaviour (anti-smoking), but their underlying belief systems may be different (salt health vs public health)
- **Acculturation:** The process of learning the value system and behaviours of another culture.

Core values:

- Values vary by country and culture and evolve
- Core values define a culture and are taught to us by socialization agents (parents, friends, teachers) through enculturation
- Differences in values are the reason why marketing campaigns are successful in 1 country and fail in another
- There are universal core values

Classifying values:

- **Rokeach value survey:** scale used to measure terminal values (desired end state) that apply to many different cultures
- **List of values (LOV) Scale**
 - Developed specifically for marketing use
 - 9 consumer segments that endorse values such as sense of belonging, and security

New core values:

- **Conscientious involved consumerism**
 - The consumer's focus on personal health is merging with a global health interest
 - Growing green market
- **LOHAS "lifestyles of health and sustainability"**
 - Green spreading to the mass market from niche
 - Segment of consumers
 - Walmart "Live Better index"

Materialism: refers to the importance people attach to worldly possessions

- Modern living- expectation of "the good life" a world of consumerism and toys

Chapter 7: Attitudes

The power of attitudes: lasting, general evaluation of various things and issues around us- people, objects, advertising, or issues like governance, green and so on

- **Attitude object (A_o):** anything toward which a person has an attitude, whether tangible (vodka brand), intangible (drunk driving)
- Helps determine preferences and actions

Attitude: a lasting, general evaluation of people (including oneself), objects, or issues.

Functional theory of attitudes: developed by Daniel Katz- attitudes exist because they serve some function for the individual

- **Utilitarian function:** relates to rewards and punishments (taxes)
ex: "you should drink diet coke, just for the taste of it"
- **Value-expressive function:** expresses consumer's values or self-concept (politics)
ex: what kind of person drives a Harley, bmw, etc.
- **Ego-defensive function:** protect ourselves from external threats or internal feelings (poor)
- **Knowledge function:** need for order, structure, or meaning (logic)
ex: "Bayer wants you to know about pain relievers"
*an attitude can serve more than 1 function

ABC Model of Attitudes (Attitude has 3 components):

- 1) **AFFECT:** what the consumer feels about Attitude Object A_o
- 2) **BEHAVIOUR:** intentions to do/act with respect to A_o
- 3) **COGNITION:** beliefs that a consumer has with regard to the A_o

Hierarchies of Effects

- Impact/importance of attitude components depends on consumer's motivation toward A_o
- **High involvement** = Cognition → Affect → Behaviour → Attitude based on Cognitive Info Processing
(often results in brand loyalty)
 - Cognition – Standard Learning Hierarchy- results in strong brand loyalty assumes high consumer involvement
- **Low involvement** = Cognition → behaviour → affect → Attitude based on Behavioural Learning Process
 - Cognition – Low-Involvement Hierarchy- consumer does not have strong brand preference. Consumers swayed by simple stimulus- response connections

- **Zajonc's model** = Affect → behaviour → Cognition → Attitude based on Hedonic Consumption
- Affect – experimental hierarchy- consumers' hedonic motivations and moods. Emotional contagion.
- Cognitive- affective model (an effective judgment is but the last step in a series of cognitive processes) vs. independence hypothesis (affect and cognition involve 2 separate, independent systems)
- Experimental hierarchy of effects → consumers act on the basis of their emotional reactions. (attitudes can be strongly influenced by product attributes)
- Resulting attitudes will be affected by consumer's hedonic motivations, such as how the product makes them feel or how much fun it will provide.

Attitude toward the Advertisement: A_{ad}

- Form attitudes toward objects other than the product to influence product selections
- Ads often cause product attitude formation

A_{ad} determinants:

- Viewer's attitude toward advertiser
- Viewer's feelings about the context (if you watch an Ad while watching your fav show)
- Evaluations of the Ad execution itself
- The mood evoked by the Ad
- Ad arousal effects on consumer

Ad feelings:

- Upbeat feelings: amused, delighted, playful
- Warm feelings: affectionate, contemplative, hopeful
- Negative feelings: critical, defiant, offended

Attitude formation:

- **Classical conditioning:** repeated often
- **Instrumental conditioning:** reinforcement, modeling

Levels of Commitment to an Attitude:

- **Degree of commitment:** related to level of involvement with A_o
- 1) **Internalization (highest level):** deep-seeded attitudes become part of consumer's value system
- 2) **Identification (mid-level):** attitudes formed in order to conform to another person/group

- 3) **Compliance (lowest level):** consumer forms attitude because it gains rewards or avoids punishments

The Consistency Principle:

- We value/seek harmony among thoughts, feelings, and behaviours
- We will change components (in feelings, etc) to make them consistent

Cognitive dissonance and harmony among attitudes:

- **Theory of cognitive dissonance:** when a person is confronted with inconsistencies among attitudes or behaviour, they will take action required to resolve the “dissonance”
 - It proposes that people are motivated to reduce the negative feelings caused by dissonance
 - The pressure to reduce dissonance is more likely to be seen in high-involvement situations (where dissonant elements are more important to the individual)
 - Smoking example → I know smoking causes cancer, and I smoke (both dissonant to each other)
 - **Post-purchase dissonance:** where the consumer has multiple favourable alternatives (did I make the right purchase?)
 - Dissonance resolution to commit to the chosen object more after purchase
 - Marketers leverage this buy reaffirming that the consumer made the right choice through thank you calls, emails, gift coupons, etc.

Self-perception theory:

- assumes that people use observations of their own behaviour to determine what their attitudes are, just as we assume that we know the attitudes of others by watching what they do
-
- states that we maintain consistency by inferring that we must have a positive attitude toward an object if we have bought or consumed it.
- Low-involvement hierarchy, since it involves situations in which behaviours are initially performed in the absence of a strong internal attitude
- **Foot-in-the-door** technique- based on observation that a consumer is more likely to comply with a request if he/she has first agreed to comply with a smaller request.
- **Low-ball technique-** ask for small favour, informed after agreeing to it that it will be very costly
- **Door-in-the-face technique-** as for big favour, then a small favour (usually people feel guilty about denying the big one so they do the small one)

Social judgement theory:

- Suggests that our assimilation of new info about an A_o is light of what we already know/feel
- Initial attitude à our frame of reference
- People differ in terms of the info they will find acceptable/unacceptable. They form **latitudes of acceptance and rejection** around an attitude standard.
 - Ideas that fall within the latitude will be favourably received
- **assimilation effect**- messages within the latitude of acceptance/more consistent with our own position
- **contrast effect**- messages within latitude of rejection/further from our own position

Balance Theory:

- considers relationship between elements that a consumer might perceive as belonging together
- **Triad Attitude Structure**
 - individual (you)
 - their perception of A_o (perception of smoking)
 - their perception of other person/object (positive/negative) (friend smokes)
 - how to restore balance ??
 - People alter these perceptions to make relations among them consistent (harmonious)
 - **Unit relation:** in which one element is seen as somehow belonging to/being a part of the other (something like a belief)
 - **Sentiment relation:** in which the 2 elements are linked b/c one has expressed a preference/dislike for the other
- Consumers often like to publicize connections with successful people/organizations
 - Marketing application à use of celebrity endorsement

Attitude models

- Assessment of attitudes is not easy and can be complex
- Product/service may have multiple attributes
- Multiple factors could impact aptitudes (approval of others, price, celebs, limited edition products)
- Attitude models can help identify influencers of evaluations

Multi-attribute attitude models

- A consumer's attitude toward an A_o depends on beliefs they have about the attributes of that object
- **Key 3 elements**
 - 1) **attributes of A_o** (e.g. University)
 - academic excellence, reputation, etc.
 - 2) **beliefs about A_o**
 - thoughts of a globally renown school like McGill, UBC, etc.
 - 3) **importance weights**
 - research universities, universities that offer way more, etc.

Attitude Measurement Fishbein Model:

- Assumes that we have been able to specify all the relevant attributes that we would use in evaluating our choice
- This model measures a consumer's attitudes toward objects using 3 components:
 - 1) **Salient beliefs about A_o** (beliefs about the object that are considered during eval)
 - 2) **Object-attribute linkages** (the probability that a particular object has an important attribute)
 - 3) **Evaluation** of each important attribute

Strategic Market Applications of Multi-Attribute Model

- **Capitalizing on relative advantage:** convince consumers that product attributes are important to evaluate in brand choice
- **Strength perceived product/attribute linkages:** if consumers don't associate certain critical attributes with the brand, reinforce that relationship
- **Adding a new attribute:** a unique positive attribute that is currently not "focused" on or not actively considered by consumer influence competitor's ratings: Decrease the attractiveness of attributes of competitors

The Extended Fishbein Model: (theory of reasoned action)

- Measure behavioural intentions (not just intention)
- Behaviour can change someone's intentional plan
- Recognize the power of other people in purchasing decision- social pressure in influencing behaviour
- Subjective norm: our belief of what other people think we should do

- Measure attitude toward the act of buying, not just the product (knowing how a person feels about buying the product)

Some issues in predicting behaviour using Fishbein's Model:

- **It does NOT**
 - Deal with outcomes of behaviour, including those beyond consumer's control
 - Consider impulsive acts or novelty seeking which are essentially unintended behaviour
 - Consider that consumption need not be led by attitudes
 - Consider the "real-time" aspect- the time frame between attitude measurement and behaviour
 - Differentiate between different consumer experiences- direct, personal, and indirect

Normative Influences that impact attitudes

1) Descriptive norms

- Norms that convey to you what others are doing
- These norms are powerful and influential in forming attitudes and also causing action
- An ad informing you that 85% of ppl are currently recycling

2) Injunctive norms

- Norms that tell you what others think you should be doing
- An ad highlighting that others approve of recycling.

Chapter 9: Individual Decision Making

Consumer hyperchoice: the large number of available options forces us to make repeated choices that may drain psychological energy while decreasing our abilities to make smart decisions

- Too many choices can lead consumers to be less satisfied with the purchase experience

Decision-making process:

1. **Problem recognition** (bill has bad tv)
2. **Information search** (bill talks to friends about good new tv)
3. **Evaluation of alternatives** (bill compares several at store)
4. **Product choice** (bill chooses 1)
5. **Consumption and learning** (bill bring home tv and enjoys purchase)

Rational perspective on Decision-Making Model:

- Consumers integrate all info about product and their need
- Consumers weigh pros and cons of each alternative and take a decision

Behavioral influence perspective:

- Consumer's purchase decision is a learned response to environmental cues
- Example: black friday specials, boxing day

Stages in Consumer Decision Making

- **Purchase momentum:** when initial impulses increase the likelihood that we will buy even more (even after our needs are satisfied) and plunge into a spending spree
- People differ in terms of cognitive processing style
 - Some have a **rational system of cognition**
 - Some have an **experiential system of cognition**

Types of decision making:

- **Habitual Decision Making**

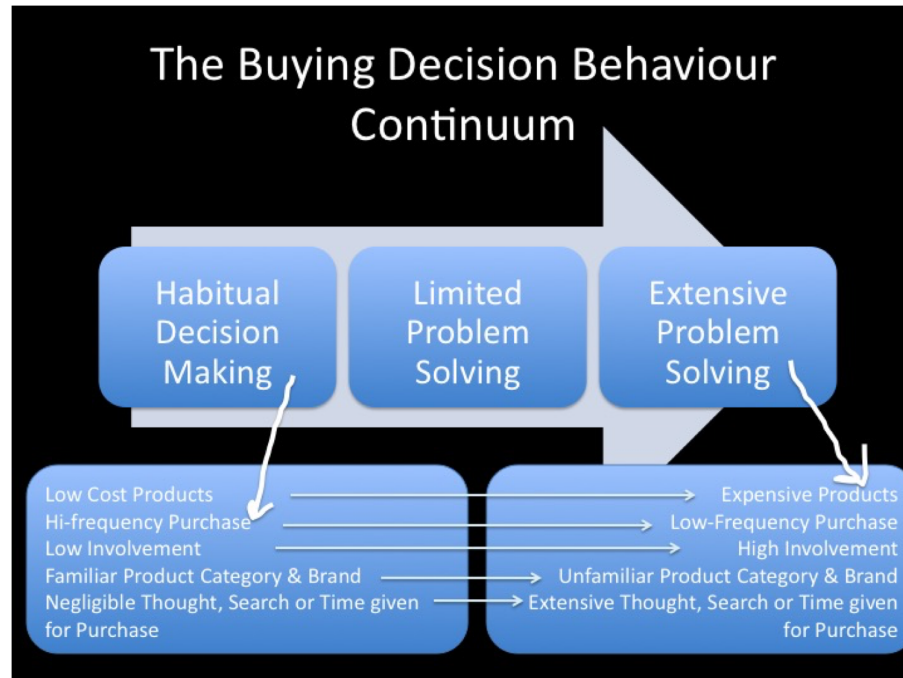
- Involves decisions made with little/no conscious effort
- Choices characterized by automaticity and efficiency
- Marketing challenge → try to introduce a new way of doing an old task. They have to “unfreeze” former consumer habits and replace them
-

- **Limited Problem Solving**

- Simple Decision Rules
- Consumers are not motivated to search for info or evaluate each alternative, but won't simply act out of habit either
- Straightforward choices and cognitive shortcuts- just follow general guidelines when purchasing

- **Extension Problem Solving**

- Initiated by a motive of self-concept
- Decision carries high risk
- Consumers tries to collect as much info as possible from memory (internal search) and outside sources (external search)
- Each alternative attributes are carefully evaluated



1. PROBLEM RECOGNITION

- Occurs when there is a gap between ideal and actual state
- Shift in ideal state → **need recognition** (person who runs out of gas)
- shift in actual state → **opportunity recognition** (person who craves new, flashier car)

2. INFORMATION SEARCH

- Process by which consumer surveys the environment for appropriate data to make reasonable decision
- **Internal search** → scanning our own memory and knowledge of product
- **External search** → info obtained from ads, friends, etc.
- **Deliberate search vs. incidental learning** (from exposure to advertising, sales promotion)
- **Online search**
 - Shopping from home
 - New info shopper- individual who reaches for the big black cock first to the internet
 - Research online → buy online/offline
- **Do consumers always search rationally?**
 - Low level of external searches
 - Consumers in low income group search less (then make a bad purchase)
 - We either go for a satisficing solution (solution that is “good enough”) or maximized solution

- Brand switching: selecting familiar brands when decision situation seems “dicey”
- Variety and novelty seeking → desire to choose new alternatives over more familiar ones
- **Biases in the decision-making process**
 - **mental accounting:** framing a problem in terms of gains/losses influences our decisions
 - Sunk-cost fallacy: reluctant to waste something we paid for (rationalising)
 - hyperopia → condition describes ppl who are so obsessed with preparing for the future that they can't enjoy the present
 - Prospect theory: risk differs when consumer faces options involving gains vs those involving losses
 - Loss aversion → ppl put much more emphasis on loss than they do on gain
- **Amount of search and product knowledge (directly proportional)**
 - **Greater level of search occurs when**
 - It's an important purchase
 - Requirement to learn more about purchase is critical
 - Information is relevant and easily obtainable
 - Consumer belongs to younger educated demographic and likes info gathering/researching
 - One is female (compared to a male)
 - Consumer places greater value on own style/image
 - **Consumer's prior expertise**
 - **Moderate knowledge consumers** → search more than other 2 groups
 - **Expert consumers** → sharp, but selective search
 - **Novice consumers** → take others views, opinions
- **Perceived risk:** belief that the product has negative or uncertain consequence
 - Dominant in expensive, complex products
 - Risk can be objective (physical danger) and subjective (social embarrassment)

Five Types of Perceived Risk

TYPE OF RISK	BUYERS MOST SENSITIVE TO RISK	PURCHASES MOST SUBJECT TO RISK
MONETARY	RISK CAPITAL: MONEY, PROPERTY LOWER INCOME CONSUMERS	HIGH TICKET ITEMS, DURABLES
FUNCTIONAL	RISK CAPITAL: ALTERNATIVES PRACTICAL CONSUMERS	PRODUCTS DEMANDING EXCLUSIVE COMMITMENT AND PRECLUDE REDUNDANCY
PHYSICAL	RISK CAPITAL: HEALTH, VITALITY ELDERLY, FRAIL, ILL HEALTH	MECHANICAL, POWER, DRUGS, FOODS, BEVERAGES
SOCIAL	RISK CAPITAL: SELF ESTEEM INSECURE, UNCERTAIN CONSUMERS	SOCIALLY VISIBLE: CLOTHES, JEWELLERY, CARS, MOBILE DEVICES
PSYCHOLOGICAL	RISK CAPITAL: STATUS, RESPECT, AFFILIATION CONSUMERS LACKING SELF-RESPECT	EXPENSIVE PERSONAL LUXURY GOODS, DURABLES ...

3. EVALUATION OF ALTERNATIVES

- The real issue arises in extended problem solving (when choice conflicts arouse negative emotions- involving difficult trade offs)
- Habitual decision: normally not an issue for consumers
- **Identifying alternatives**
 - 1) **Evoked set or Consideration set:** the alternatives actively considered during a consumer's choice process.
 - Comprises those products from retrieval set (memory and knowledge) and prominent products in environment.
 - Marketers thrust on getting their brands in consumer's' evoked set. (rejected brands don't get a second chance)

- 2) **Inert set:** the alternatives not coming to mind at all
- 3) **Inept set:** the alternatives you are aware of but would not consider buying because they aren't what you are looking for

Product categorization

- We evaluate products in terms of what we already know about a similar product
- Evoked-set products usually share similar features
- When faced with a new product, we refer to existing product category knowledge to form new knowledge
- Marketers want to ensure that their products are correctly grouped in knowledge structures
- **Levels of categorization:**
 - **Superordinate level** (dessert)
 - **Basic level** (fattening dessert and non-fattening dessert)
 - **Subordinate level** (ice cream, cake vs. fruit, yogurt)
- **The concept of positioning**
 - Convincing consumers to consider brand within a category
 - Convey to consumers to compare a set of brands that are competition at a superordinate level

Product choice- selecting among alternatives:

- **Exemplar products**
 - Brands strongly associated with a category dictate a category by defining, setting evaluative criteria
 - But “moderately unusual” product stimulate more information processing and positive evaluations
- **Locating products**
 - Products that don't fit clearly into categories confuse consumers

Evaluation criteria: dimensions used to judge merits of competing options

- Criteria on which products differ carry more weight
- Marketers educate consumers about determinant attributes (features we use to differentiate among our choices)

- The decision about which attributes to use is the result of **procedural learning**

Neuromarketing: uses functional magnetic resonance imaging, fMRI, a brain-scanning device that tracks blood flow as we perform mental tasks

- Marketers measure consumers' reactions to movie trailers, choices about cars, the appeal of a pretty face, and loyalty to specific brands
- **Brand advocates:** ppl who supply customer reviews on a product online

Heuristics: mental shortcuts

- Examples of purchasing heuristics → rules of thumb, speedy decisions, lead to bad assumptions and bad decisions, high price = high quality, discount food= must be bad
- **Country of origin as a heuristic** can function as
 - **Stereotype:** knowledge structure based on inferences across products (plays a constructive role in simplifying complex choice situations)
 - **Ethnocentrism:** tendency to prefer products of one's own culture

Choosing familiar brand names: loyalty or brand?

- **Zipf's law:** consumers prefer the #1 brand
- Habit → inertia- auto-mode with belief in efficiency
 - No commitment- possibility to switch
- **Brand loyalty**
 - Buy repeatedly- conscious decision towards buying the same brand and positive attitude toward brand
 - Endorsing brands personally online and by WOM
 - Emotional attachment and commitment
 - More tolerant towards WHERE we buy our favourite brands

Decision rules:

- **Compensatory:** compensatory rules give a product a chance to make up for its shortcomings
 - **Simple additive rule**→ consumer merely chooses the alternative with the largest number of positive attributes
 - **Weighted additive rule**→ consumer also takes into account the relative importance of positively rated attributes (multiplying brand ratings by importance weights)
- **Non-compensatory: simple decision rules** are non-compensatory. These rules make people simply eliminate all options that don't meet basic standards
 - **Lexicographic rule**→ the brand that is the best on the most important attribute is selected (processing by attribute)

- **Elimination-by-aspects rule** → specific cut-offs are imposed (processing by attribute)
- **Conjunctive rule** → brand is chosen if it meets all the cut-offs. (processing by brand)
- **Disjunctive rule** → the consumer develops acceptable standards for each attribute. If a choice alternative exceeds the standard for any attribute, it is accepted.

Chapter 11 Group Influence and Social Media:

The desire to fit in or identify with desirable individuals or groups is the primary motivation for many of our purchases and activities

Reference group: an actual or imaginary individual or group conceived of as having significant relevance upon an individual's evaluations, aspirations or behaviour

Reference groups influence consumers in three ways:

- 1) **Informational:** seek information about various brands from groups, seek information from those who work with the product in a profession, seal of approval, observation of experts
- 2) **Utilitarian:** influenced by work associates, people you have social interaction with, family members, and desire to satisfy expectations of others

- 3) **Value-expressive:** enhance image, will gain characteristics of those who have the brand or product, be like person in adverts, admiration or respect

Normative influence: reference group helps to set and enforce fundamental standards of conduct (parents, friends)

Comparative influence: decisions about specific brands or activities are affected

Formal group: recognized structure, complete with a charter, regular meeting times, and officers

-higher in comparative influence and tend to be more product or activity specific

Informal group: group of friends or students, others smaller groups

-exert a more powerful influence on individuals as they are more involved in day-to-day lives and are more important due to high normative influence

Brand community: set of consumers who share a set of social relationships based on usage or interest in a product, people in these groups tend to feel more positively about product (Harley Davidson owners group, etc.)

Aspirational reference groups: comprised of idealized figures, such as successful business people, athletes or celebrities (as opposed to a group where you know all members)

Likelihood of someone joining a brand group of some sort is affected by:

- Physical nearness, closer together= more likely to form relationship
- Exposure, see it more= more likely to want it
- Group cohesiveness, how a group is attracted to each other

Dissociative reference group: consumer wants to avoid association with (nerds start wearing something, another group might give it up)

Antibrand communities: united by disdain for a celebrity, store or brand (Rachel Ray Sucks online group), attract socialist/non-materialistic ideals

- Cheaper, less complex products are less susceptible to influence
- Dimensions that influence importance of reference groups are whether the product will be consumer privately or publicly and whether is a luxury or a necessity
- Luxuries/visible products are more susceptible to influence

Social power: capacity to alter the actions of others

- **Referent power:** when a person will try to replicate an individual or group
- **Information power:** knowing something others would like to know
- **Legitimate power:** actual power through social agreements (police officer, politician)
- **Expert power:** power from possessing a specific knowledge or skill
- **Reward power:** ability to provide positive reinforcement
- **Coercive power:** effective in the short term, rarely effective over time

Conformity: change in beliefs or actions as a reaction to real or imagined group pressure

Norms: informal rules

Factors influencing likelihood of conformity:

- **Cultural:** different cultures encourage conformity to a different degree (Japanese value collective over self)
- **Fear of deviance:** may be sanctions if behaviour differs
- **Commitment:** more dedicated to a group= more motivated to follow dictates of group
 - Principle of least interest: least committed person has all the power
- **Group unanimity, size and expertise:** more powerful the group, the more compliance, harder to resist a large group
- **Susceptibility to interpersonal influence:** need to identify with or enhance image in eyes of significant others
 - Role relaxed: older and affluent and confident, don't relate to this

Social comparison theory: consumers will often compare themselves to others in ways that increase the stability of one's self-evaluation, especially when objective evidence is unavailable (pretending to like something as it is deemed more cool)

Co-oriented peer: person of equivalent standing (when comparing products, go to a similar person for advice)

Tactical request:

- 1) **Foot in the door technique:** customer is first asked a small request and then is hit up for something bigger (tactic for making people conform to our wishes, ex: when salesmen ask to come inside before pitching)
- 2) **Low ball technique:** person is asked a small favour and is informed after agreeing that is going to be more costly (another conforming to our wishes tactic)
- 3) **Door in the face technique:** a person is asked something extreme and then something more reasonable (feel guilty about denying first one)

Group effects on consumer behaviour:

- **Deindividuation:** individual identities get submerged within a group (going more crazy at a costume party)
 - **Risky shift:** more willing to be risky when with a group (diffusion of responsibility)
- Group discussions tend to increase decision polarization (wherever leaning before discussion, will lean hard after)
- **Social loafing:** people do not devote as much effort to a task when their contribution is part of a larger group effort (tipping less when eating with a big group)
 - **Home shopping parties:** sales rep presents to a group of people who have gathered in the home of a friend or an acquaintance (pressure to conform in group is high, Tupperware party)

People in a group:

- **Initiator:** person who bring up the idea or identifies a need
- **Gatekeeper:** person who conducts research and controls flow of info to group
- **Influencer:** person who tries to sway outcome of decision
- **Buyer:** person who actually buys the product
- **User:** person who consumes product or service

Resisting conformity: difference between independence and anticonformity

- Anticonformity is purposely resisting main stream products/ideas

Opinion leaders: people who are knowledgeable about products and whose advice others take seriously, are valuable because:

- Technically competent and convincing
- Are unbiased
- Socially active and interconnected in their communities
- Similar to consumer in terms of values and beliefs
- First to buy new products, absorb the risk

- monomorphic leaders and polymorphic (expert in one or a few areas, with the few usually being related)

Two step model of influence: used to think opinion leaders simply relayed information to opinion receivers

Influence network: interaction among those who are easily influenced and with the opinion leader, create a cascade of information

Market maven: people who actively transmit market place information of all types, close to that of a generalized opinion leader

Surrogate consumer: person hired to provide input into purchase decisions (stock broker, interior decorators etc.)

Self-designating method: simply ask consumers if they consider themselves to be opinion leaders, are viewed with scepticism, some people inflate their own importance, others wont admit it

Key informants: a group of people who are asked to identify opinion leader

Sociometry: any person has 1500 acquaintances and any two people in the world are connected by 5-6 intermediaries

- allow researchers to map out interactions that take place in a group, most expensive but effective way is to ask group members who they go to for product information, best used at
- sociometric analyses help understand referral behaviour, identify network analysis (communication in a social system), measures strength of relations, weak ties form a bridging function

Word of mouth communication: product information transmitted by individuals to individuals, reliable due to information coming from people we know, WOM is way more powerful than advertising, 2/3 of consumer sales from it

- A person enjoys a product and thus enjoys talking about it
- A person is knowledgeable about a product and steers the conversation to let others know
- Conversation comes up out of concern for the person (to help them get a great product)

Negative WOM: weighed more heavily by consumers than positive WOM

- 90 percent of unhappy consumers will not do business with that company again
- Reduces credibility of advertising

Building buzz:

Buzz marketing: activities undertaken by marketers to encourage consumers to spread WOM about the brand

- **Tremor:** company started that hires youths to talk about a product at school, lunch etc.
- youtube videos

- **Wisdom of crowds:** under the right circumstances, a group is smarter than the smartest person in it
 - Allow customers to help dictate the products (voting for new flavour of mountain dew)
- **Guerrilla marketing:** unconventional locations and intensive WOM campaigns to push products
 - Leaking copies of a mix tape to DJs ahead of release, etc.
- **Viral marketing:** getting customers to sell a product on behalf of the company that creates it
 - Getting consumers to share daily deals, etc.

Social media and consumer behaviour:

- **Community:** the collective participation of members who together build and maintain a site
- **Cyber place:** where people connect online with kindred spirits, engage in supportive and sociable relationships with them, and imbue their activity online with meaning

Social networks: a set of socially relevant nodes connected by one or more relations

Nodes: members of a network and are connected to each other through ties, experience interactions with each other (talking online on Match.com)

-Relationships are based kinship, friendship, ties, shared experiences, and shared hobbies or interests

-Social networks are sometimes called social graphs, though this can refer to a diagram of the interconnected connections of units in a network

Flow: exchange of resources, info, and influence among members of the network

Media multiplexity: this flow goes in many directions and on multiple platform

-Not just one or two or three ways, through a whole community

Social object theory: suggests social networks will be more powerful communities if there is a way to activate relationships among people and object

- Where an object is something of common interest and its primary function is to mediate relationships (Facebook offers photos, games, quizzes, friends etc.)
- Object sociality: the extent to which an object can be shared in social media, is clearly related to an audiences unique interests
- Social networking sites oriented around object sociality are likely to be passion centric (not only share an interest, are probably obsessed)

Virtual community of consumption: collection of people who interact online to share their enthusiasm for and knowledge about specific consumption activity (often start organically as forums)

-Marketers understand this and create their own communities to increase positive WOM, gather new product ideas and identify loyal customers

Characteristics of online communities:

- Experience a feeling of membership
- Sense of proximity to one another
- Interest in groups activities
- Help fulfill need for affiliation, resource acquisition, entertainment and information
- SOCIAL
- Conversations: communication among members
- Presence: effect that people experience when they interact
- Collective interest: share similar passions and interests
- Democracy: leaders emerge due to reputation earned among members (moot is a 4chan leader for anime)
- Media democratization: members of social communities, not media publishers, control the creation, delivery and popularity of content
- Standards of behaviour: rules that govern online behaviour (ebay legal contract to pay)
- Level of participation: many members must participate for it to thrive, most users are lurkers (just observe), estimated that only 1% of members actively participate and 9% do intermittently, make it easier to participate to increase activities

Chapter 12: Income, Social Class, and Family Structure

-demand for goods and services depends on both ability to buy and willingness to buy

Discretionary Income: The money available to a household over and above that required for a comfortable standard of living.

- Older and wealthier populations spend more on shelter and transportation

Two types of frugal shoppers:

- **Spendthrifts:** who enjoy nothing more than buying everything
- **Tightwads:** spending money is an unpleasant experience

Brand Aspirational: People with low incomes who are obsessed with brand names, such as KitchenAid.

Value-Price Shoppers: Those who like low prices and cannot afford much more.

Price-Sensitive Affluents: Wealthier shoppers who love deals.

Behavioural Economics: How consumers motives and their expectations about the future affect their current spending, and how these individuals decisions add up to affect a society's economic well-being.

Consumer Confidence: Reflects the extent to which people are optimistic or pessimistic about the future health of the economy and how they predict they'll fare down the road

Saving rate is influenced by:

1. Consumers opinion about their personal circumstances (being laid off vs an increase in person wealth)
2. National and world events (Trumps dumbass being elected)
3. Cultural difference in attitudes toward savings

Social Class: Determined by a complex set of variable that include income, family background, education, and occupation.

Homogamy: People tend to marry others in similar social classes as themselves.

Social Stratification: Refers to this creation of artificial divisions whereby some members get more resources than others by virtue of their relative standing, power, or control in the group.

Achieved versus ascribed status:

- **Achieved status:** working hard and diligently to achieve status
- **Ascribed status:** being born into it or given it (silver spoon)

Status Hierarchy: Some members of a group are better of than others. They may have more authority or power or others may simply respect them more.

Income Inequality: The extent to which resources are distributed unevenly within a population.

Social Mobility: Refers to the passage of individuals from one social class to another.

- **Horizontal mobility:** move to a different, but equal social class
- **Downward mobility:** move down a social class
- **Upward mobility:** move up a social class

BRIC: Brazil, Russia, India, and China, account for 15 percent of global economy, but should overtake NA and European economies soon

Mass Class: This segment comprises the hundreds of millions of global consumers who now enjoy a level of purchasing power that enables them to afford high quality products except big-ticket items such as university or luxury car.

Components of Social Class:

-*Occupational Prestige:* The notion that some occupations are more respected and held in higher regard than others.

-*Income:* Determines which groups have the greatest buying power and market potential.

How income relates to social class:

-Social class is a better predictor of purchases that have symbolic aspects but low-to-moderate prices (e.g. cosmetics and liquor)

-Income is a better predictor of major expenditures that do not have status or symbolic aspects (e.g. major appliances)

-Both social class and income data are needed to predict purchases of expensive symbolic products (e.g. cars and homes)

How social class affects purchase decisions:

- **Empowerment:** power to affect outcomes
- **Potent reactors:** ability to take actions that affect the world
- **Impotent reactors:** at mercy of economic situation
- **Affluenza:** stressed and unhappy despite wealth

Consumer groups based on attitudes towards luxury:

- **Luxury is functional:** buy things that last and have enduring values
- **Luxury is a reward:** buy luxury to say "I've made it"
- **Luxury is indulgence:** buy luxury to be extremely lavish and self-indulgent

Taste culture: differentiates people in terms of their aesthetic and intellectual preferences

Online gated communities: selectively allow access to some people

-Hotenough.com, dating site that weeds out ugly people

Status symbols: a major motivation to buy and display what we buy is not to enjoy these item, but to show others we can afford them

People cope with others buying knock off luxury brands by:

- **Flight:** they stop using the brand so they are not associated
- **Reclamation:** go out of their way to emphasize their relationship with the brand but are worried it can be tarnished
- **Abranding:** disguise luxury items in the belief that truly high status people do not need to display expensive logos

Invidious distinction: to inspire envy in others through the display of wealth or power

Conspicuous consumption: refers to peoples desire to provide prominent, visible evidence of their ability to afford luxury goods

Brand prominence: the degree to which one shows off brands

- **Patricians:** signal to each other, use quiet signals
- **Parvenu:** associate with haves and disassociate with have-nots, loud signals
- **Proletarian:** do not engage in signalling
- **Poseur:** aspire to be haves, mimic the parvenus

Parody display: deliberately avoiding status symbols to mock it, sophisticated form of conspicuous consumption

How do we measure social class?

- **Index of Status Characteristics:** income, housing etc.
- **Blishen's Socioeconomic Index of Occupations:** based on job

Status crystallization: when indicators are not consistent, stress occurs because the rewards from each part of such an unbalanced life are variable and unpredictable

Problems with social class segmentation:

- Ignore status inconsistency
- Ignore intergenerational mobility
- Ignore subjective social class
- Ignore consumers aspirations to change social standing
- Ignore social status of working wives

Household structure:

- **Household living arrangements:** whether or not he or she is related to the people they live with
- **Census family:** married couple and kids

- **Extended family:** three generations living together, includes aunts, uncles, grandparents, cousins etc.
- **Nuclear family:** TV family from 1950's, became model family, mother, father and one or more kids
- **1971:** average family size was 4, 1997: average family size is 3
- **Total fertility rate:** average number of children that would be born per woman if all women lived to the end of their childbearing years and bore children according to a given fertility rate at each age

Non-traditional households:

- One person alone, roommates or a couple

Sandwich generation: middle aged people because they must attend to those older and younger than them (kids and aging parents)

Boomerang kids: older kids who left and but are now coming back to live at home, or children living at home for a long time

Two factors that determine how a couple spends time and money: children and whether the woman works outside the home

Family life cycle: combines trends in income and family composition with the changes these demands place upon income

-money spent as a couple on dining out and vacations will likely move to different purchases after birth of a child

Family life cycle effect on buying is affected by four main things:

- Age
- Marital status
- Presence or absence of children in the home
- Children's ages

Chapter 13: Subcultures

READ CHAPTER SUMMARIES AS WELL!!!!

Subculture: A group whose members share beliefs and common experiences that set them apart from others.

Microculture: Larger more demographically based subcultures based on age, religion, ethnic background and region.

Age Cohort: A group of consumers of the same or approximate age who have undergone similar experiences.

Multigenerational Marketing Strategy: The use of imagery that appeals to consumers from more than one generation.

EX: If Justin bieber and ozzy ozbourne performed an ad together in order to bridge the gap between generations.

Material Parenting: Reward their kids with products and punish them by taking it away.

Parental Yielding: Occurs when a parental decision maker surrenders to a child request.

Digital Natives: A person who grew up in a culture where technology was always present.

Children: Consumers in Training: -Researchers estimate that children directly influence over \$453 billion worth of family purchases in a year in North America.

-On average kids weigh in with a purchase request every two minutes when they shop with parents.

The Youth Market: -Global youth market (Gen Y and Gen Z) represent about \$100 billion in spending power. Most products go to feel good products such as cosmetics, posters, and fast food.

-Consumers in this age subculture have a number of needs including; experimentation, belonging, independence, responsibility, and approval from others.

Baby Boomers: -Consist of 9.7 million people whose parents established families following the end of WWII.

-They control 77% of Canada's Wealth and represent over 75% of households with 100,000\$ plus incomes.

The Grey Market: -Marketers largely neglected these consumers in their feverish pursuit of the youth market.

-Imagine an old widow who has nothing left to do, and is essentially waiting for death.

-Older consumers are finished with many of the financial obligations that siphon off the income of younger consumers.

-Canadians age 65-74 spend the largest part of their days engaging in leisure activities.

Consumer Identity Renaissance: Refers to the redefinition process people undergo when they retire.

Regional Segmentation: Refers to segmenting the market according to geographic location.

Ethnic Subculture: A self-perpetuating group of consumers who share common cultural or genetic ties recognized by both its members and others as a distinct category.

High Context Culture: Group members tend to be tightly knit, and they infer meaning that go beyond the spoken word (symbols and gestures).

Low Context Culture: Are more literal