**Chapter 1:**

**BUYING, HAVING, and BEING**

# CHAPTER OBJECTIVES

When students finish this chapter, they should understand why:

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

# CHAPTER SUMMARY

After reading this chapter, students should understand why:

*Consumer behavior is a process*.

Consumer behavior is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. A consumer may purchase, use, and dispose of a product, but different people may perform these functions. In addition, we can think of consumers as role players who need different products to help them play their various parts.

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

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

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

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

*Our motivation to consume are complex and varied.*

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

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

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

*Many types of specialists study consumer behavior.*

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

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

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

# CHAPTER OUTLINE

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

Use Review Question 1-2 Here

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

Use Review Question 1-3 Here

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

**Consumer behavior** is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

Use Review Question 1-1 Here

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

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

Use Review Question 1-5 Here

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

Use Review Question 1-4 Here

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

Use Review Question 1-6 Here

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

Age

Gender

Family structure

Social class and income

Race and ethnicity

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

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

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

Use Review Question 1-7 Here

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

Use Review Question 1-8 Here

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

Use Consumer Behavior Challenge 1-19 Here

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

Use Review Question 1-11 Here

Use Consumer Behavior Challenge 1-16 Here

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

Use Review Question 1-9 Here

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

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

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

Use Table 1.1 & Figure 1.2 Here

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

Use Consumer Behavior Challenge 1-18 Here

Use Table 1.2 Here

Use Review Question 1-10 Here

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

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

# End-of-Chapter Support Material

**SUMMARY OF SPECIAL FEATURE BOXES**

1. Marketing Opportunity

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

1. Marketing Pitfall

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

1. Marketing Opportunity

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

1. User-Generated Content (UGC)

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

# REVIEW QUESTIONS

1-1. Provide a definition of consumer behavior.

*It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.* (1 minute, Chapter Objective 1-1, AACSB: Application of Knowledge)

1-2. What are demographics? Give three examples of demographic characteristics.

*Demographics are statistics that measure observable aspects of a population, such as birthrate, age distribution, and income.* (1.5 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge)

1-3. What is market segmentation? Give three examples of market segments.

*The use of market segmentation strategies means targeting a brand only to specific groups of consumers rather than to everybody—even if it means that other consumers who do not belong to this target market are not attracted to that product. Examples may include product usage, demographics (e.g. age, sex, income), and psychographics (psychological and lifestyle characteristics).* (1.5 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge)

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

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

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

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

1-6. Why is it important for businesses to learn about their heavy users?

*Because heavy users account for a substantial proportion of revenues. They are the customers that are more likely to be loyal. These customers represent the best opportunity to cross-sell and up-sell.* (1.5 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

1-7. What is “Big Data”?

*Big data refers to the collection and analysis of extremely large datasets. For example, Macy’s used GPS phone signals from Macy’s parking lots on Black Friday to estimate whether the department store would meet its sales projections for that day.* (1 minute, Chapter Objective 1-5, AACSB: Information Technology)

1-8. What is popular culture, and how does this concept relate to marketing and consumer behavior?

*Popular culture, consisting of the music, movies, sports, books, celebrities, and other forms of entertainment consumed by the mass market, is both a product of and an inspiration for marketers. Our lives are also affected in more far-reaching ways, ranging from how we acknowledge cultural events such as marriage, death, or holidays to how we view social issues such as air pollution, gambling, and addictions.* (1 minute, Chapter Objective 1-3, AACSB: Reflective Thinking)

1-9. What do we mean by the term *global consumer culture*?

*A culture in which people around the world are united by their common devotion to brand name consumer goods, movie stars, celebrities, and leisure activities.* (1 minute, Chapter Objective 1-3, AACSB: Diverse and Multicultural Work Environments)

1-10. Name two different disciplines that study consumer behavior. How would their approaches to the same issue differ?

*Two disciplines that study consumer behavior are psychology and sociology. Psychologists study consumer behavior from a mental / brain information processing perspective while sociologists study consumer behavior from a group behavior perspective.* (1.5 minutes, Chapter Objective 1-6, AACSB: Application of Knowledge)

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

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

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

#  consumer research?

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

# CONSUMER BEHAVIOR CHALLENGE

## Discuss

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

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

1-14. What aspects of consumer behavior would interest a financial planner? A university administrator? A graphic arts designer? A social worker in a government agency? A nursing instructor?

*The listing of the aspects of consumer behavior corresponding to these positions should reflect the particular aspects of each position. For example, a financial planner depends on consumers’ willingness to postpone consumption in order to save and invest money to have more later. A social worker must be concerned about people’s attitudes toward government, social work in general, and the role of government in people’s lives. What each of these positions share, and what should underlie the discussion, is their connection to the consumption process and the fact that consumers themselves will have different needs and wants associated with their consumption. Each of the listed parties would attempt to influence consumers by using a different aspect of consumption, and these differences need to be discussed and analyzed.* (7 minutes, Chapter Objectives 1-3 and 1-6, AACSB: Application of Knowledge and Reflective Thinking)

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

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

1-16. The chapter discussed a study that compared and contrasted people who lead “happy” lives versus those with “meaningful” lives. How does this distinction relate to the way you decide to spend your time and money? How does it relate to consumer behavior more generally?

*Students should be able to differentiate between a want and a need. The discussion should identify how meaningfulness relates to activities that express personality and impact others in a positive way. Discussion should identify those who pursue happiness over meaningfulness as being takers rather than givers, and that they are more likely to think in the present instead of the past or future. Those who pursue meaningfulness would indicate the opposite. Worry, stress, and anxiety might also be associated with those who pursue happiness.* (5 minutes, Chapter Objective 1-4, AACSB: Reflective thinking and application of knowledge)

1-17. A book bemoans the new wave of consumer-generated content, labeling it “the cult of the amateur.” It compares the social networking phenomenon to the old story about the monkeys: If you put an infinite number of monkeys in a room with an infinite number of typewriters, eventually they will (by hitting keys randomly) reproduce all the major works of literature. In other words, the large majority of user-generated content is at about the same level, and the future of professionally produced, quality work is in doubt. Do you agree or disagree with this assertion?

*Students who are members of a social networking community or those who actively blog, might strongly defend the practice and might be offended by the monkey reference. Even though they might agree that there are many sites with ramblings, rants and raves, they might also point out serious sites where user-generated content is thought provoking. They might also mention instances where blogs check facts when the traditional media fails to do so. An example of this was a blogger proving that documents used by CBS News to discredit President Bush were forgeries.*

*Some students might also mention that not all “professionally produced” work can be labeled as “quality” work. Either students or the instructor could provide examples. It might also be beneficial to briefly discuss what “quality” means, who judges quality, and if this is a classic bias against the “new” by the older generation who prefers the traditional.* (7 minutes, Chapter Objective 1-5, AACSB: Analytic Thinking)

1-18. A few years ago a publicity campaign for a late-night cartoon show backfired when it aroused fears of a terrorist attack and temporarily shut down the city of Boston. The effort consisted of one-foot-tall blinking electronic signs with hanging wires and batteries that marketers used to promote the Cartoon Network TV show Aqua Teen Hunger Force (a surreal series about a talking milkshake, a box of fries, and a meatball). The signs were placed on bridges and in other high-profile spots in several US cities. Most depicted a boxy, cartoon character giving passersby the finger. The bomb squads and other police personnel required to investigate the mysterious boxes cost the city of Boston more than $500,000—and a lot of frayed nerves. Is there a line between attention-getting pubicity stunts and activities that should be illegal or forbidden?

 *This question should generate quite a discussion among students as they debate the limits they believe to be acceptable in gaining attention. The question becomes one of the greater good – Is it enough for a company to do whatever it can to promote a product, OR is there a greater good to consider, in this case the unfortunate frayed nerves of a city.*

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

## Apply

1-19. Talk to car owners and probe to see what (if any) relationships they have with their vehicles. Do these feelings correspond to the types of consumer/product attachments we discussed in this chapter? How are these relationships acted on? (Hint: see if any of the respondents give their cars a nickname, or if they “decorate” them with personal items.) To give you some additional insight, check out a YouTube video called *I Love My Car!* that originally aired on the TV show *My Strange Addiction*.

 *The types of relationships referred to in the text are the following:*

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

*Student reports should attempt to classify their findings based on these relationships. They should also attempt to show how the consumption patterns that they engage in with their cars reflect such relationships.* (5 minutes, Chapter Objectives 1-1 and 1-2, AACSB: Analytic Thinking and Reflective Thinking)

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

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

**MyLab**

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

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

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

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

# CASE STUDY TEACHING NOTES

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

## Summary of Case

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

## Suggestions for Presentation

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

## Suggested Answers for Discussion Questions

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

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

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

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

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

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

# Additional Support Material

**STUDENT PROJECTS**

## Individual Projects

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Group Projects

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

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

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

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

**ONLINE ASSIGNMENTS**

## Individual Assignments

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

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

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

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

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

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

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

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