PART 4 EXPLORES THE VARIOUS ASPECTS OF CONSUMER DECISION MAKING

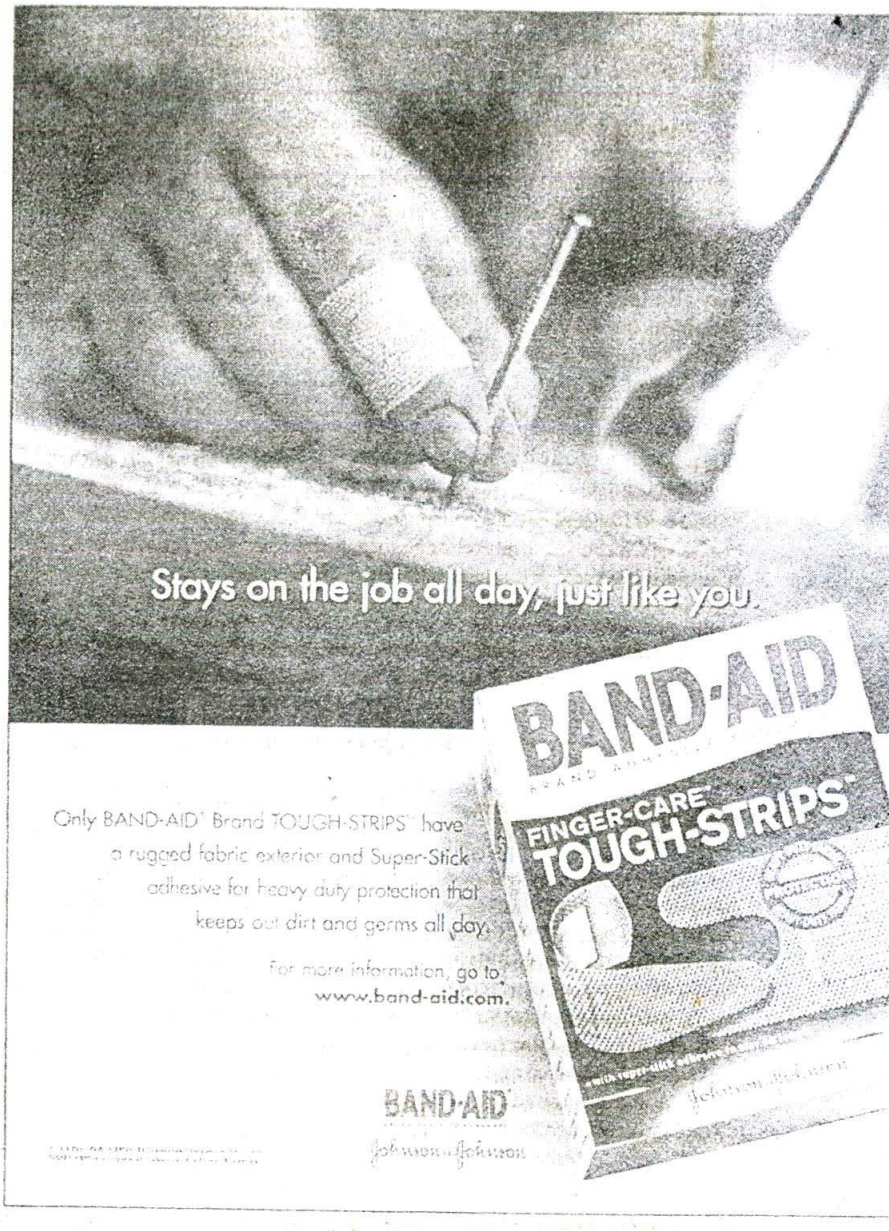
Chapter 15 begins with a discussion of personal influence, opinion leadership, and the diffusion of innovations. Chapter 16 examines in detail a simple model of consumer decision making that ties together the psychological, social, and cultural concepts examined throughout the book. The book concludes with a discussion of various related aspects of consumption behavior (such as gift giving) and explores the outcomes of relationship marketing from the consumer's perspective.

chapter**fifteen**

Consumer Influence and the Diffusion of Innovations

This chapter deals with two interrelated issues of considerable importance to consumers and marketers alike—the informal influence that others have on consumers' behavior and the dynamic processes that impact consumers' acceptance of new products and services.

In the first part of this chapter we will examine the nature and dynamics of the influence that friends, neighbors, and acquaintances have on our consumer-related decisions. This influence is often called *word-of-mouth communications* or the *opinion leadership process* (the two terms will be used interchangeably here). We will also consider the personality and motivations of those who influence (opinion leaders) and those who are influenced (opinion receivers). We will end the first part of this chapter with an exploration of how marketers are enhancing their consumer strategies by harnessing the power of natural word-of-mouth in the form of stimulated or market manipulated word-of-mouth. These contrived marketing efforts, unlike "naturally occurring" word-of-mouth or opinion leadership, largely consists of either paid actors or largely unpaid volunteer agents who are engaged by marketers to create



buzz and sales for new products that they often freely elect to talk up. In the second part of this chapter, we will explore factors that encourage and discourage acceptance (or rejection) of new products and services. For consumers, new products and services may represent increased opportunities to satisfy personal, social, and environmental needs and add to their quality of life. For the marketer, new products and services provide an important mechanism for keeping the firm competitive and profitable.

what is opinion leadership?

The power and importance of personal influence are captured in the following comment by an ad agency executive: "Perhaps the most important thing for marketers to understand about word-of-mouth is its huge potential economic impact."[1] This decade-old comment is more true today than ever before!

Opinion leadership (or word-of-mouth communications) is the process by which one person (the opinion leader) informally influences the actions or attitudes of others, who may be opinion seekers or opinion recipients. The key characteristic of the influence is that it is interpersonal and informal and takes place between two or more people, *none of whom represents a commercial selling source that would gain directly from the sale of something.* Word-of-mouth implies personal, or face-to-face, communication, although it may also take place in a telephone conversation or within the context of e-mail or a chat group on the Internet. This communication process is likely, at times, to also be reinforced by nonverbal observations of the appearance and behavior of others.

One of the parties in a word-of-mouth encounter usually offers advice or information about a product or service, such as which of several brands is best or how a particular product may be used. This person, the **opinion leader**, may become an **opinion receiver** when another product or service is brought up as part of the overall discussion.

Individuals who actively seek information and advice about products sometimes are called **opinion seekers**. For purposes of simplicity, the terms *opinion receiver* and *opinion recipient* will be used interchangeably in the following discussion to identify both those who actively seek product information from others and those who receive unsolicited information. Simple examples of opinion leadership at work include the following:

1. *A family decides that they need a new gas barbeque for their backyard, and they ask a few of their neighbors which brand they should purchase.*
2. *A person shows his cousin photographs of his recent vacation in Costa Rica, and the cousin suggests that using a different film might produce better pictures of the rain forest.*
3. *During a coffee break, a coworker talks about the new TV series she saw last night and recommends seeing it.*

Most studies of opinion leadership are concerned with the measurement of the behavioral impact that opinion leaders have on the consumption habits of others. Available research, for example, suggests that "influentials" or opinion leaders are almost four times more likely than others to be asked about political and government issues, as well as how to handle teens; three times more likely to be asked about computers or investments; and twice as likely to be asked about health issues and restaurants.[2] There is also research to suggest that when an information seeker feels that he or she knows little about a particular product or service, a "strong-tie source" will be sought (such as a friend or family member), but when the consumer has some prior knowledge of the subject area, then a "weak-tie source" is acceptable (acquaintances or strangers).[3]

Word-of-mouth in today's *always in contact* world

Over the past decade, with the proliferation of cell phone usage and e-mail (and the invention of combination devices like BlackBerry and Web-capable cell phones), many people find themselves, by choice, to be "always" available to friends, family, and business associates. Although Americans have been somewhat slower than consumers in other countries to embrace the notion of receiving e-mail via their cellular telephones, this may be due, in part, to the great number of PCs in use in the United States. Table 15.1 shows, whereas almost 68 percent of Americans are Internet users, the second-place nation in terms of the number of Internet users, China, has only 7.3 percent of its citizens on the Web. In contrast, there are presently about 310 million cellular telephone users in China, which adds up to about 25 percent of its population.[4]

TABLE 15.1 Top 15 Countries in Terms of the Number of Internet Users in 2005

COUNTRY	NUMBER OF INTERNET USERS (IN MILLIONS)	INTERNET PENETRATION
United States	200.9	67.8
China	94.0	7.3
Japan	67.7	52.8
Germany	46.3	56.0
India	39.2	3.6
United Kingdom	35.2	58.7
South Korea	31.6	63.3
Italy	28.6	48.8
France	24.8	41.2
Russia	22.3	15.5
Canada	20.5	63.8
Brazil	17.9	9.9
Indonesia	15.3	7.0
Spain	14.6	1.4
Australia	13.6	66.4

Source: **http://www.internetworldstats.com/top20.htm**, accessed May 27, 2005.

Along with the explosion of Web-capable cellular telephones is the creation of the "thumb generation," which is known in Japan as *oya yubi sedai.* Young people in Japan learn to send e-mail messages from the cell phones by using their thumbs, and some Japanese TV stations have even held thumbing speed contests. This is just a natural extension of the thumb usage learned from using handheld computer games.[5]

Just how important is word-of-mouth?

A recent study in the United Kingdom asked consumers which information sources would make them "more comfortable" with a company. The answer at the top of the list was "friend's recommendation" (the response of 71 percent of respondents), whereas "past experience" was the response of 63 percent of respondents. Only 15 percent of the consumers mentioned "advertising."[6] Additionally, it has been reported that over 40 percent of U.S. consumers will actively seek the advice of family and friends when in the market for a doctor, lawyer, or automobile mechanic, and the importance of word-of-mouth is even greater with respect to the diffusion of new products.[7]

dynamics of the opinion leadership process

The opinion leadership process is a very dynamic and powerful consumer force. As informal communication sources, opinion leaders are remarkably effective at influencing consumers in their product-related decisions. Some of the reasons for the effectiveness of opinion leaders are discussed next.

Credibility

Opinion leaders are highly credible sources of information because they usually are perceived as objective concerning the product or service information or advice they dispense.

Their intentions are perceived as being in the best interests of the opinion recipients because they receive no compensation for the advice and apparently have no "ax to grind." Because opinion leaders often base their product comments on firsthand experience, their advice reduces for opinion receivers the perceived risk or anxiety inherent in buying new products. The average person is exposed to anywhere from 200 to 1,000 sales communications a day, but he or she is thousands of times more likely to act on the basis of a friend's or colleague's recommendation. Whereas the advertiser has a vested interest in the message being advertised, the opinion leader offers advice that does not have a commercial motive.

Positive and negative product information

Information provided by marketers is invariably favorable to the product and/or brand. Thus, the very fact that opinion leaders provide both favorable and unfavorable information adds to their credibility. An example of an unfavorable or negative product comment is, "The problem with those inexpensive kitchen knives is that they soon go from being sharp to being dull." Compared with positive or even neutral comments, negative comments are relatively uncommon. For this reason, consumers are especially likely to note such information and to avoid products or brands that receive negative evaluations. Over the years, motion pictures have failed due to negative "buzz" about the film, and negative word-of-mouth about new food products have retarded sales or caused the early death of a product. Consumers, it turns out, are generally much more likely to share a negative experience than a positive one.

Information and advice

Opinion leaders are the source of both information and advice. They may simply talk about their *experience* with a product, relate what they know about a product, or, more aggressively, *advise* others to buy or to avoid a specific product. The kinds of product or service information that opinion leaders are likely to transmit during a conversation include the following:

1. Which of several brands is best: *"In my opinion, when you consider picture quality versus price, Sony offers the best value in small digital cameras."*
2. How to best use a specific product: *"I find that my walls look best when I paint with a roller rather than a pad."*
3. Where to shop: *"When Brooks Brothers has a sale, the values are terrific."*
4. Who provides the best service: *"Over the past few years, I've had my car serviced and repaired at Tom's Garage, and I think its service can't be beat."*

Many of the messages being sent and received these days deal with movies, restaurants, shopping, computer games, and other areas of interest to young adults—word-of-mouth communication in the form of telephone or e-mail. Figure 15.1 presents the results of a survey estimating the percentage of Americans that acted on a referral from an opinion leader for selected important product and service categories during the past year.

Opinion leadership is category specific

Opinion leadership tends to be *category specific*; that is, opinion leaders often "specialize" in certain product categories about which they offer information and advice. When other product categories are discussed, however, they are just as likely to reverse their roles and become opinion receivers. A person who is considered particularly knowledgeable about home electronics may be an opinion leader in terms of this subject, yet when it comes to purchasing a new washing machine, the same person may seek advice from someone else—perhaps even from someone who has sought his advice on home electronics.

Opinion leadership is a two-way street

As the preceding example suggests, consumers who are opinion leaders in one product-related situation may become opinion receivers in another situation, even for the same product. Consider the following example. Rob, a new father contemplating the purchase

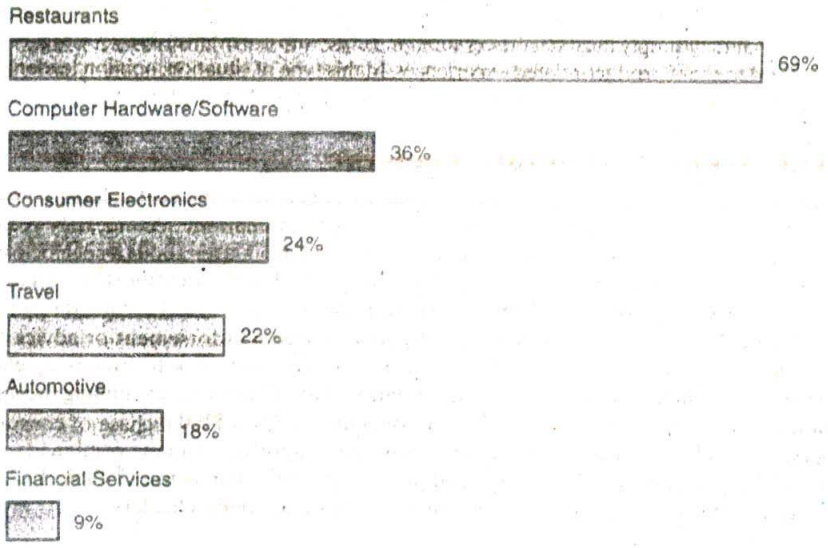


FIGURE 15.1

Word-of-Mouth in Action

Source: Business Week (based on an online survey of 1,000 adults, February 2002, Goodmind LLC), May 6, 2002, 10.

of a baby car seat, may seek information and advice from other people to reduce his indecision about which brand to select. Once the car seat has been bought, however, he may experience postpurchase dissonance (see Chapter 8) and have a compelling need to talk favorably about the purchase to other people to confirm the correctness of his own choice. In the first instance, he is an opinion receiver (seeker); in the second, he assumes the role of opinion leader.

An opinion leader may also be influenced by an opinion receiver as the result of a product-related conversation. For example, a person may tell a friend about a favorite hotel getaway in Lake Como, Italy, and, in response to comments from the opinion receiver, come to realize that the hotel is too small, too isolated, and offers vacationers fewer amenities than other hotels.

the motivation behind opinion leadership

To understand the phenomenon of opinion leadership, it is useful to examine the motivation of those who provide and those who receive product-related information.

The needs of opinion leaders

What motivates a person to talk about a product or service? Motivation theory suggests that people may provide information or advice to others to satisfy some basic need of their own (see Chapter 4). However, opinion leaders may be unaware of their own underlying motives. As suggested earlier, opinion leaders may simply be trying to reduce their own postpurchase dissonance by confirming their own buying decisions. For instance, if Bradley subscribes to a satellite TV service and then is uncertain that he made the right choice, he may try to reassure himself by "talking up" the service's advantages to others. In this way, he relieves his own psychological discomfort. Furthermore, when he can influence a friend or neighbor to also get satellite TV, he confirms his own good judgment in selecting the service first. Thus, the opinion leader's true motivation may really be self-confirmation or self-involvement. Furthermore, the information or advice that an opinion leader dispenses may provide all types of tangential personal benefits: It may confer attention, imply some type of status, grant superiority, demonstrate awareness and expertise, and give the feeling of possessing inside information or the satisfaction of "converting" less adventurous souls.

In addition to *self*-involvement, the opinion leader may also be motivated by *product* involvement, *social* involvement, and *message* involvement. Opinion leaders who are motivated by product involvement may find themselves so pleased or so disappointed with a product that they simply must tell others about it. Those who are motivated by social involvement need to share product-related experiences. In this type of situation, opinion leaders use their product-related conversations as expressions of friendship, neighborliness, and love.

The needs of opinion receivers

Opinion receivers satisfy a variety of needs by engaging in product-related conversations. First, they obtain new-product or new-usage information. Second, they reduce their perceived risk by receiving firsthand knowledge from a user about a specific product or brand. Third, they reduce the search time entailed in the identification of a needed product or service. Moreover, opinion receivers can be certain of receiving the approval of the opinion leader if they follow that person's product endorsement or advice and purchase the product. For all of these reasons, people often look to friends, neighbors, and other acquaintances for product information. Indeed, research examining the importance of four specific information sources on a hypothetical $100 purchase of consumer services revealed that *advice from others* was more important than the combined impact of sales representatives, advertising and promotion, and other sources.[8] Table 15.2 compares the motivations of opinion receivers with those of opinion leaders.

Purchase pals

Researchers have also examined the influence of "purchase pals" as information sources who actually accompany consumers on shopping trips. Although purchase pals were used only 9 percent of the time for grocery items, they were used 25 percent of the time for purchases of electronic equipment (e.g., computers, VCRs, TV sets).[9] Interestingly,

TABLE 15.2 A Comparison of the Motivations of Opinion Leaders and Opinion Receivers

OPINION LEADERS	OPINION RECEIVERS
Self-Improvement Motivations	
• *Reduce postpurchase uncertainty or dissonance*	• *Reduce the risk of making a purchase commitment*
• *Gain attention or status*	• *Reduce search time (e.g., avoid the necessity of shopping around)*
• *Assert superiority and expertise*	
• *Feel like an adventurer*	
• *Experience the power of "converting" others*	
Product-Involvement Motivations	
• *Express satisfaction or dissatisfaction with a product or service*	• *Learn how to use or consume a product*
	• *Learn what products are new in the marketplace*
Social-Involvement Motivations	
• *Express neighborliness and friendship by discussing products or services that may be useful to others*	• *Buy products that have the approval of others, thereby ensuring acceptance*
Message-Involvement Motivations	
• *Express one's reaction to a stimulating advertisement by telling others about it*	

male purchase pals are more likely to be used as sources of product category expertise, product information, and retail store and price information. Female purchase pals are more often used for moral support and to increase confidence in the buyer's decisions. Similarly, it seems that when a weak tie exists between the purchase pal and the shopper (e.g., neighbor, classmate, or work colleague), the purchase pal's main contribution tends to be functional—the source's specific product experiences and general marketplace knowledge are being relied on. In contrast, when strong ties exist (such as mother, son, husband, or wife), what is relied on is the purchase pal's familiarity and understanding of the buyer's individual characteristics and needs (or tastes and preferences).

Surrogate buyers versus opinion leaders

Although the traditional model of new product adoption shows opinion leaders influencing the purchase of many new products and services, there are instances in which surrogate buyers replace opinion leaders in this role. For example, working women are increasingly turning to wardrobe consultants for help in purchasing business attire, most new drugs start out requiring a doctor's prescription, and many service providers make decisions for their clients (e.g., your service station decides which brand of disk brake pads to install on your car). Consequently, in an increasing number of decision situations, it is a surrogate buyer who primarily influences the purchase. Table 15.3 presents the key differences between opinion leaders and surrogate buyers.

TABLE 15.3 Key Differences Between Opinion Leaders and Surrogate Buyers

OPINION LEADER	SURROGATE BUYER
1. Informal relationship with end users	1. Formal relationship: occupation-related status
2. Information exchange occurs in the context of a casual interaction	2. Information exchange in the form formal instructions/advice
3. Homophilous (to a certain extent) to end users	3. Heterophilous to end users (that in fact is the source of power)
4. Does not get paid for advice	4. Usually hired, therefore gets paid
5. Usually socially more active than end users	5. Not necessarily socially more active than end users
6. Accountability limited regarding the outcome of advice	6. High level of accountability
7. As accountability limited, rigor in search and screening of alternatives low	7. Search and screening of alternatives more rigorous
8. Likely to have (although not always) used the product personally	8. May not have used the product for personal consumption
9. More than one can be consulted before making a final decision	9. Second opinion taken on rare occasions
10. Same person can be an opinion leader for a variety of related product categories	10. Usually specializes for a specific product/service category

Source: Praveen Aggarwal and Taihoon Cha, "Surrogate Buyers and the New Product Adoption Process: A Conceptualization and Managerial Framework," *Journal of Consumer Marketing* 14, no. 5 (1997): 394. Reprinted by permission.

measurement of opinion leadership

Consumer researchers are interested in identifying and measuring the impact of the opinion leadership process on consumption behavior. In measuring opinion leadership, the researcher has a choice of four basic measurement techniques: (1) the *self-designating method,* (2) the *sociometric method,* (3) the *key informant method,* and (4) the *objective method.*

In the *self-designating method*, respondents are asked to evaluate the extent to which they have provided others with information about a product category or specific brand or have otherwise influenced the purchase decisions of others. Figure 15.2 shows two types of self-designating question formats that can be used to determine a consumer's opinion leadership activity. The first consists of a single question, whereas the second consists of a series of questions. The use of multiple questions enables the researcher to determine a respondent's opinion leadership more reliably because the statements are interrelated. The self-designating technique is used more often than other methods for measuring opinion leadership because consumer researchers find it easy to include in market research questionnaires. Because this method relies on the respondent's self-evaluation, however, it may be open to bias should respondents perceive "opinion leadership" (even though the term is not used) to be a desirable characteristic and, thus, overestimate their own roles as opinion leaders.

The *sociometric method* measures the person-to-person informal communication of consumers concerning products or product categories. In this method, respondents are asked to identify (a) the specific individuals (if any) to whom they provided advice or information about the product or brand under study and (b) the specific individuals (if any) who provided them with advice or information about the product or brand under study. In the first instance, if respondents identify one or more individuals to whom they have provided some form of product information, they are tentatively classified as opinion leaders. In the second instance, respondents are asked to identify the individuals (if any) who provided them with information about a product under investigation. Individuals designated by the primary respondent are tentatively classified as opinion leaders. In both cases, the researcher attempts to validate the determination by asking the individuals named whether they did, in fact, either provide or receive the relevant product information.

Opinion leadership can also be measured through the use of a *key informant*, a person who is keenly aware of or knowledgeable about the nature of social communications among members of a specific group. The key informant is asked to identify those individuals in the group who are most likely to be opinion leaders. However, the key informant does not have to be a member of the group under study. For example, a professor may serve as the key informant for a college class, identifying those students who are most likely to be opinion

SINGLE-QUESTION APPROACH:

1. In the last six months have you been asked your advice or opinion about *HDTV*?*

Yes _____ **No** _____

MULTIPLE-QUESTION APPROACH:

(Measured on a 5-point bipolar "Agree/Disagree" scale)

1. Friends and neighbors frequently ask my advice about *HDTV*.
2. I sometimes influence the types of *HDTV* friends buy.
3. My friends come to me more often than I go to them about *HDTV*.
4. I feel that I am generally regarded by my friends as a good source of advice about *HDTV*.
5. I can think of at least three people whom I have spoken to about *HDTV* in the past six months.

*Researchers can insert their own relevant product-service or product-service category.

Self-Designating Questions for Measuring Opinion Leadership

FIGURE 15.2

leaders with regard to a particular issue. This research method is relatively inexpensive because it requires that only one individual or at most several individuals be intensively interviewed, whereas the self-designating and sociometric methods require that a consumer sample or entire community be interviewed. However, the key informant method is generally not used by marketers because of the difficulties inherent in identifying an individual who can objectively identify opinion leaders in a relevant consumer group.

Finally, the *objective method* of determining opinion leadership is much like a "controlled experiment"—it involves placing new products or new-product information with selected individuals and then tracing the resulting "web" of interpersonal communication concerning the relevant product(s). In a practical sense, a new restaurant in a downtown business district might apply this approach to speed up the creation of a core customer base by sending out invitations to young, influential business executives to dine with their friends at a reduced introductory price any time during the first month of the restaurant's operations. If the restaurant's food and drink are judged to be superior, the restaurant is likely to enjoy the benefits of enhanced positive word-of-mouth generated by the systematic encouragement of the young clientele to "try it out" and who "talk it up" to their friends after experiencing the new restaurant.

Table 15.4 presents an overview of each of the four methods of measuring opinion leadership, together with advantages and limitations.

TABLE 15.4 Methods of Measuring Opinion Leadership: Advantages and Limitations

OPINION LEADERSHIP MEASUREMENT METHOD	DESCRIPTION OF METHOD	SAMPLE QUESTIONS ASKED	ADVANTAGES	LIMITATIONS
Self-Designating Method	Each respondent is asked a series of questions to determine the degree to which he or she perceives himself or herself to be an opinion leader.	"Do you influence other people in their selection of products?"	Measures the individual's own perceptions of his or her opinion leadership.	Depends on the objectivity with which respondents can identify and report their personal influence.
Sociometric Method	Members of a social system are asked to identify to whom they give advice and to whom they go for advice and information about a product category.	"Whom do you ask?" "Who asks you for information about that product category?"	Sociometric questions have the greatest degree of validity and are easy to administer.	It is very costly and analysis often is very complex. Requires a large number of respondents. Not suitable for sample design where only a portion of the social system is interviewed.
Key Informant Method	Carefully selected key informants in a social system are asked to designate opinion leaders.	"Who are the most influential people in the group?"	Relatively inexpensive and less time consuming than the sociometric method.	Informants who are not thoroughly familiar with the social system are likely to provide invalid information.
Objective Method	Artificially places individuals in a position to act as opinion leaders and measures results of their efforts.	"Have you tried the product?"	Measures individual's ability to influence others under controlled circumstances.	Requires the establishment of an experimental design and the tracking of the resulting impact on the participants.

Source: Adapted with the permission of The Free Press, a division of Simon & Schuster, from *Diffusion of Innovations*, Fourth Edition by Everett M. Rogers. Copyright © 1995 by Everett M. Rogers. Copyright © 1962, 1971, 1983 by the Free Press.

a profile of the opinion leader

Just who are opinion leaders? Can they be recognized by any distinctive characteristics? Can they be reached through specific media? Marketers have long sought answers to these questions, for if they are able to identify the relevant opinion leaders for their products, they can design marketing messages that encourage them to communicate with and influence the consumption behavior of others. For this reason, consumer researchers have attempted to develop a realistic profile of the opinion leader. This has not been easy to do. As was pointed out earlier, opinion leadership tends to be category specific; that is, an individual who is an opinion *leader* in one product category may be an opinion *receiver* in another product category. Thus, the generalized profile of opinion leaders is likely to be influenced by the context of specific product categories.

Although it is difficult to construct a generalized profile of the opinion leader without considering a particular category of interest (or a specific product or service category), Table 15.5 does present a summary of the generalized characteristics that appear to hold true regardless of product category. The evidence indicates that opinion leaders across all product categories generally exhibit a variety of defining characteristics. First, they reveal a keen sense of knowledge and interest in the particular product or service area, and they are likely to be consumer innovators. They also demonstrate a greater willingness to talk about the product, service, or topic; they are more self-confident; and they are more outgoing and gregarious ("more sociable"). Furthermore, within the context of a specific subject area, opinion leaders receive more information via nonpersonal sources and are considered to have expertise in their area of influence. They also usually belong to the same socioeconomic and age groups as their opinion receivers.

When it comes to their mass-media exposure or habits, opinion leaders are likely to read special-interest publications devoted to the specific topic or product category in which they "specialize."[10] For example, an automobile opinion leader might read publications such as *Car and Driver, Motor Trend*, and *Automobile*. These special-interest magazines serve not only to inform automotive-oriented consumers about new cars, tires, audio systems, and accessories that may be of personal interest, but also provide them with the specialized knowledge that enables them to make recommendations to relatives, friends, and neighbors. Thus, the opinion leader tends to have greater exposure to media specifically relevant to his or her area of interest than the nonleader. Summing up it for us, a recent study found that opinion leaders "gain influence through their informational advantages relative to others in the same environment."[11]

TABLE 15.5 Profile of Opinion Leaders

GENERALIZED ATTRIBUTES ACROSS PRODUCT CATEGORIES	CATEGORY-SPECIFIC ATTRIBUTES
Innovativeness	Interest
Willingness to talk	Knowledge
Self-confidence	Special-interest media exposure
Gregariousness	Same age
Cognitive differentiation	Same social status
	Social exposure outside group

frequency and overlap of opinion leadership

Opinion leadership is not a rare phenomenon. Often more than one-third of the people studied in a consumer research project are classified as opinion leaders with respect to some self-selected product category. The frequency of consumer opinion leadership suggests that people are sufficiently interested in at least one product or product category to talk about it and give advice concerning it to others.

This leads to the interesting question: Do opinion leaders in one product category tend to be opinion leaders in other product categories? The answer to this question comes from an area of research aptly referred to as *opinion leadership overlap*. Accordingly, opinion leadership tends to overlap across certain combinations of interest areas. Overlap is likely to be highest among product categories that involve similar interests (such as televisions and VCRs, high-fashion clothing and cosmetics, household cleansers and detergents, expensive wristwatches and writing instruments, hunting gear, and fishing tackle). Thus, opinion leaders in one product area often are opinion leaders in related areas in which they are also interested.

Market mavens

Research suggests the existence of a special category of consumer influencer, the **market maven.** These consumers possess a wide range of information about many different types of products, retail outlets, and other dimensions of markets. They both initiate discussions with other consumers and respond to requests for market information. Market mavens like to shop, and they also like to share their shopping expertise with others. However, although they appear to fit the profile of opinion leaders in that they have high levels of brand awareness and tend to try more brands, unlike opinion leaders their influence extends beyond the realm of high-involvement products. For example, market mavens may help diffuse information on such low-involvement products as razor blades and laundry detergent.[12] Furthermore, market mavens appear to be motivated by a sense of obligation to share information, a desire to help others, and the feeling of pleasure that comes with telling others about products.[13]

While both innovators and market mavens spend more time shopping than other consumers, innovators tend to be price insensitive. Market mavens are not primarily concerned with price, but are nevertheless more value conscious than other shoppers and are heavy users of coupons.[14] Table 15.6 compares consumer innovators to market mavens, including breadth of knowledge and reaction to promotions. The table, for example, reveals that while the opinion leader's knowledge extends only to a specific product category, market mavens possess a wide range of market information. Table 15.7 presents a Market Maven Scale that uses a 7-point Agree/Disagree response format to identify market mavens.

It would be wrong to discuss market mavens without specifically citing the role played by teenagers. Seventy percent of teens use the Internet regularly, and they know how to search for and find information both for themselves and as information requests from others. Research has found that in families where both parents and teenagers are heavy Internet users, both the teens and their parents recognize the teens' expertise and value the child's contribution to family decision-making.[15]

Just as the examination of the relationship between being an opinion leader and being an innovator led to the recognition of the existence of the market maven, research on the market maven has uncovered yet another category of consumers, the *social hub*. These are individuals who direct social traffic—they have relationships with many people, they frequently bring these people together, and they do so for personal pleasure (rather than for some tangible reward). It is possible that social hubs may prove to be an excellent way to predict the number of people that are told about a consumption experience.[16]

TABLE 15.6 Consumer Innovativeness and Market Mavenism Compared

CONSTRUCT OF INTEREST	INNOVATIVENESS	MARKET MAVENISM
Information and Knowledge	Knowledgeable about specific product categories	Wide variety of market information: information seekers
Opinion Leadership	Act as opinion leaders for new products	Act as opinion leaders for many aspects of the marketplace
Search Behavior	Exposed to a variety of information sources	Exposed to a variety of information sources
Involvement	Involved in the marketplace; especially new products	Involved in many aspects of the marketplace
Promotion	Interested in information heavy or centrally processed communications	Heavy users of coupons, shopping lists, grocery budgets, and ads
Brand Awareness	Aware of new brands in specific product fields	Aware of new brands in many fields
Assertiveness	No reason to expect an assertive style of shopping and buying.	More assertive than other consumers
Value conscious	More interested in newness than price; not bargain conscious	More value conscious than other consumers; seek bargain prices
Fashion Consciousness	Fashion innovators are fashion conscious	Market Mavens are not fashion conscious

Source: Ronald E. Goldsmith, Leisa R. Flynn, and Elizabeth B. Goldsmith, "Innovation Consumers and Market Mavens," *Journal of Marketing Theory and Practice* 11 (Fall 2003): 56.

TABLE 15.7 Market Maven Scale (Six-point Agree/Disagree Response Format)

1. I like introducing new brands and products to my friends.
2. I like helping people by providing them with information about many kinds of products.
3. People ask me for information about products, places to shop, or sales.
4. If someone asked where to get the best buy on several products, I could tell him or her where to shop.
5. My friends think of me as a good source of information when it comes to new products or sales.
6. Think about a person who has information about a variety of products and likes to share this information with others. This person knows about new products, sales, stores, and so on, but does not necessarily feel he or she is an expert on one particular product. How well would you say that this description fits you?

Source: Ronald E. Goldsmith, Leisa R. Flynn, and Elizabeth B. Goldsmith, "Innovation Consumers and Market Mavens," *Journal of Marketing Theory and Practice* 11 (Fall 2003): 58.

the situational environment of opinion leadership

Product-related discussions between two people do not take place in a vacuum. Two people are not likely to meet and spontaneously break into a discussion in which product-related information is sought or offered. Rather, product discussions generally occur within relevant situational contexts, such as when a specific product or a similar product is used or served or as an outgrowth of a more general discussion that touches on the product category. For example, while drinking coffee, one person might tell the other person about a preferred brand of coffee.

Moreover, it is not surprising that opinion leaders and opinion receivers often are friends, neighbors, or work associates, for existing friendships provide numerous opportunities for conversation concerning product-related topics. Close physical proximity is likely to increase the occurrences of product-related conversations. A local health club or community center, for example, or even the local supermarket, provides opportunities for neighbors to meet and engage in informal communications about products or services. In a similar fashion, the rapid growth in the use of the Internet is also creating a type of close "electronic proximity" or "communities"—one in which people of like minds, attitudes, concerns, backgrounds, and experiences are coming together in "chat sessions" to explore their common interests. Within this context, the Internet is a fertile environment for word-of-mouth communications of the kind that consumer marketers are interested in impacting.

the interpersonal flow of communication

A classic study of voting behavior concluded that ideas often flow from mass media (e.g., newspapers, magazines radio, TV) to opinion leaders and from them to the general public.[17] This so-called **two-step flow of communication theory** portrays opinion leaders as direct receivers of information from impersonal mass-media sources, who in turn, transmit (and interpret) this information to the masses. This theory views the opinion leader as an intermediary between the impersonal mass media and the majority of society. Figure 15.3 presents a model of the two-step flow of communication theory. Information is depicted as flowing in a single direction (or one way) from the mass media to opinion leaders (Step 1) and then from the opinion leaders (who interpret, legitimize, and transmit the information) to friends, neighbors, and acquaintances, who constitute the "masses" (Step 2).

Multistep flow of communication theory

A more comprehensive model of the interpersonal flow of communication depicts the transmission of information from the media as a multistep flow. The revised model takes into account the fact that information and influence often are two-way processes in which opinion leaders both influence and are influenced by opinion receivers. Figure 15.4 presents a model of the **multistep flow of communication theory**. Steps 1a and 1b depict the flow of information from the mass media simultaneously to opinion leaders, opinion receivers/seekers, and information receivers (who neither influence nor are influenced by

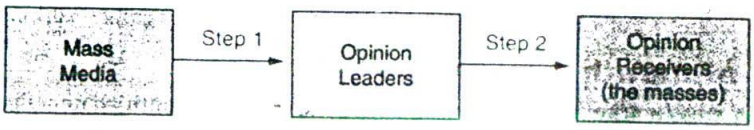
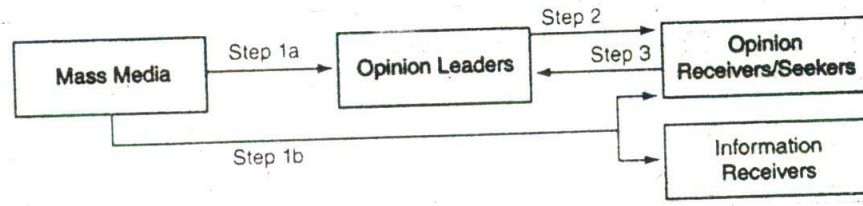


FIGURE 15.3 Two-Step Flow of Communication Theory

FIGURE 15.4

Multistep Flow of Communication Theory



others). Step 2 shows the transmission of information and influence from opinion leaders to opinion receivers/seekers. Step 3 reflects the transfer of information and influence from opinion receivers to opinion leaders.

Advertising designed to stimulate/simulate word-of-mouth

In a world before the Internet, Weblogs, and viral or buzz marketing, firms' advertising and promotional programs largely relied on *stimulating or persuading consumers* to "tell your friends how much you like our product." This is one way in which marketers encourage consumer discussions of their products or services. For instance, Daffy's, an off-price retailer operating in several northeastern states (**www.daffys.com**), used an outdoor poster (at bus shelters and subway stations) to boldly state that "Friends don't let friends pay retail." Here the implication is that you should share your knowledge and experience with others. The objective of a promotional strategy of stimulation is to run advertisements or a direct-marketing program that is sufficiently interesting and informative to provoke consumers into discussing the benefits of the product with others.

In a classic study, a group of socially influential high school students (class presidents and sports captains) were asked to become members of a panel that would rate newly released musical recordings. As part of their responsibilities, panel participants were encouraged to discuss their record choices with friends. Preliminary examination suggested that these influentials would not qualify as opinion leaders for musical recordings because of their relatively meager ownership of the product category.[18] However, some of the records the group evaluated made the Top 10 charts in the cities in which the members of the group lived; these same recordings did not make the Top 10 charts in any other city. This study suggests that product-specific opinion leaders can be created by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category.

A more recent research effort explored the notion of increasing enthusiasm for a product category. Over a 12-week period of time, half the participants were assigned to look at corporate Web sites (i.e., marketer-generated information sources), and half were asked to look at online discussions (e.g., chat rooms, forums). Consumers who got their information from online discussions reported greater interest in the product category. It is felt that chat rooms and other forums provide consumers with personal experiences and may offer greater credibility, trustworthiness, relevance, and empathy than marketer-generated Internet Web sites.[19]

Another related form of advertising message (much less common than ads designed to stimulate word-of-mouth) are ads designed to *simulate word-of-mouth* was from time-to-time used by a small number of marketing firms to supplement their regular advertising image or brand advertising. Ads designed to *simulate word-of-mouth* portrayed people in the act of informal communication.

Word-of-mouth may be uncontrollable

Although most marketing managers believe that word-of-mouth communication is extremely effective, one problem that they sometimes overlook is the fact that informal communication is difficult to control. Negative comments, frequently in the form

of rumors that are untrue, can sweep through the marketplace to the detriment of a product.

Some common rumor themes that have plagued marketers in recent years and unfavorably influenced sales include the following: (1) The product was produced under unsanitary conditions, (2) the product contained an unwholesome or culturally unacceptable ingredient, (3) the product functioned as an undesirable depressant or stimulant, (4) the product included a cancer-causing element or agent, and (5) the firm was owned or influenced by an unfriendly or misguided foreign country, governmental agency, or religious cult.

A particularly challenging form of "negative" word-of-mouth can be generated today over the Internet, when a dissatisfied consumer decides to post his or her story on a bulletin board for all to see. Consider, for example, the Apple iPod. When two brothers in New York City found that a failed battery could not be easily or inexpensively replaced (Apple was charging $200 to replace the battery), they went online (**www.ipodsdirtysecret.com**). Consumers critical of Starbucks can vent their anger at **www.ihatestarbucks.com**, and people who dislike Microsoft can always log onto **www.watchingmicrosoft.com**. As one advertising industry executive has commented, "One determined detractor can do as much damage as 100,000 positive mentions can do good."[20]

marketers seek to take control of the opinion leadership process

Marketers have long been aware of the power that opinion leadership exerts on consumers' preferences and actual purchase behavior. For this reason marketers are increasingly designing products with characteristics or design factors that make them easy to talk about and whip up interest about. They are also looking at ways to more directly intervene and take control of the word-of-mouth process. This effort to control the flow of word-of-mouth about a product is not new. However, what is new is the degree of interest and available technologies that makes it easier to accomplish (e.g., consumers' buddy lists).

Marketers are now moving beyond primarily employing advertising to stimulate or simulate word-of-mouth, to an environment where they are seeking to manage (i.e., to create and control) word-of-mouth. In this section we will consider marketers' efforts to create products with greater word-of-mouth potential, and to harness the power of mouth by either hiring paid actors to go out and create product buzz; or securing the involvement of largely unpaid consumer volunteers, who act as buzz agents to drum up awareness, interest, and intention to purchase the clients' new products. As part of this discussion we will consider viral marketing and Weblogs.

Creating products with built-in buzz potential

New-product designers take advantage of the effectiveness of word-of-mouth communication by deliberately designing products to have word-of-mouth potential. A new product should give customers something to talk about ("buzz potential"). Examples of products and services that have had such word-of-mouth appeal include iPods, cell phones with digital cameras, and a host of other sought after technologies and luxury brands. Such high-demand products have attained market share advantages because consumers are willing to "sell" them to each other by means of word-of-mouth. Motion pictures also appear to be one form of entertainment in which word-of-mouth operates with some degree of regularity and a large degree of impact. It is very common to be involved directly or overhear people discussing which movies they liked and which movies they advise others to skip. Proof of the power of word-of-mouth are those cases in which critics hate a movie and the viewing public like it and tell their friends.

For instances in which informal word-of-mouth does not spontaneously emerge from the uniqueness of the product or its marketing strategy, some marketers have deliberately attempted to stimulate or to simulate opinion leadership.

Strategy designed to simulate buzz

The nature and scope of the Internet has inspired marketers to expand opportunities to take control of the process of word-of-mouth. For instance, they are increasingly hiring buzz marketing agencies that maintain large armies of largely volunteer consumer buzz agents who seem to greatly enjoy telling other consumers (often friends and family, and people on their buddy list) about a product that they have been exposed to and feel that they would like to talk about. An example of such a consulting agency is Bzzagent (see **www.bzzagent.com**). They assist their clients in creating word-of-mouth or buzz marketing campaigns. For instance, for chicken sausage producers and a publisher of mass-appeal books, Bzzagent agent assisted these clients to use their largely volunary bzzagents to talk about these products and to dramatically enhance their market success.[21]

Similarly, P&G has created a company known as Tremor (see the Web site at **www.tremor.com**) that specializes in the teen market and the market of their mothers. In contrast to Bzzagent, which does not screen their agents to ascertain that they would be good at stimulating interest, Tremor actually provides a series of screening tests and only selects those who meet their standards in terms of being likely to be an effective word-of-mouth communicator.

Some marketers prefer to hire actors to go out and simulate for a product. For instance, a campaign for Hennessy Cognac used paid actors to visit Manhattan bars and nightclubs and order Cognac martinis made with Hennessy. Although they were instructed to act as if they were ordering a new fad drink, in reality they were attempting to create a new fad drink.[22] The objective of a promotional strategy of stimulation is to run advertisements or a direct-marketing program that is sufficiently interesting and informative to provoke consumers into discussing the benefits of the product with others.

There has also been a tremendous growth in product placements over the past few years. For instance, reality shows like *The Apprentice* and *Survivor* have shown just how valuable product placements can be, and the amount spent on product placements reached a record $4.25 billion in 2005, a 23 percent increase over the prior year.[23]

Viral marketing

Also known as "buzz marketing," "wildfire marketing," "avalanche marketing," or any one of a dozen other names, *viral marketing* "describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence."[24] Viral marketing is the marriage of e-mail and word-of-mouth. It is also named "viral" because it allows a message to spread like a virus. Consider HotMail, the first free Web e-mail service. By giving away free e-mail addresses and services, and by attaching a tag to the bottom of every message that reads "Get your private, free e-mail at **http://www.hotmail.com**," every time a HotMail user sent an e-mail, there was a good chance that the receiver of the e-mail would consider signing up for a free HotMail account. And with the expectation of more than 150 million Instant Messenger (IM) users, companies like ActiveBuddy create custom software applications to connect IM users to information that they want, while "mimicking, in a crude way, the banter of a fellow IM user at the other end of the data link."[25] Table 15.8 presents the demographic characteristics of adult Instant Messenger users.

Consider some other recent examples of viral marketing in action. M80 Interactive Marketing (a viral marketing firm) has its employees surf the Web to locate enthusiastic music fans who can be used to generate "buzz" about Britney Spears, one of the firm's clients. These fans may be asked, for example, to swamp MTV's request line demanding the star's latest hit. Beanie Babies, the VW Beetle, the movie *The Blair Witch Project*, and ICQ (an Internet chat service) were also able to generate word-of-mouth hype that

TABLE 15.8 A Profile of Adult Instant Messaging (IM) Users

Who uses instant messaging

The IM population is dominated by young adults and suburbanites. High percentages of minorities and those living in households with modest incomes also trade instant messages. The percentages in the right column do not at times add up to 100 because of rounding

	The percent of internet users in each group who are IM users (e.g. 42% of online men are IM users)	The proportion of the IM population each group makes up (e.g. 50% of all IM-ers are men)
Men	42%	50%
Women	42	50
	Race/ethnicity	
Whites	41%	73%
Blacks	44	8
Hispanics	52	9
Other	40	10
	Age	
Gen Y (ages 18–27)	62%	31%
Gen X (ages 28–39)	37	28
Trailing Boomers (ages 40–49)	33	20
Leading Boomers (ages 50–58)	29	12
Matures (ages 59–68)	25	7
After Work (age 69+)	29	3
	Household income	
Less than $30,000	53%	31%
$30,000–$50,000	42	24
$50,000–$75,000	36	19
$75,000+	39	27
	Educational attainment	
Did not graduate from HS	49%	8%
High school grad	44	31
Some college	48	32
College degree+	34	29
	Community type	
Urban	45%	30%
Suburban	42	49
Rural	40	21
	Type of internet connection at home	
Broadband	46%	41%
Dialup	39	59

Source: Eulynn Shiu and Amada Lenhart, "How Americans Use Instant Messaging," *Pew Internet & American Life Project*, September 1, 2004, accessed at **www.Pewinternet.org**.

resulted in explosive consumer demand. Volkswagen even sold 2,000 Reflex Yellow and Vapor Blue Beetles online, and *only* online. Vespa, the Italian motor scooter manufacturer, has its in-house agency hire models to hang out on scooters outside trendy nightclubs and cafes in Los Angeles.[26] Procter & Gamble is using viral marketing in a big way. The company has developed kiosks for shopping malls that present and sell new P&G products—all in the hope that shoppers will tell their friends what they have seen. And if shoppers purchase a product at the kiosk, they are invited to join an "Innovator's Club" that offers discounts, a Web site, and puts the shopper into the P&G database for future new product introductions.[27]

There appears to be two principal types of "buzz." *Uncodified buzz* occurs when an innovator encounters a new product, movie, etc., that he or she likes and passes on the information. While the level of trust and credibility that a consumer gives such communication, because it comes from a friend, is very high, this type of buzz is not something that is controllable by the firm, and could be either positive or negative. In contrast, *codified buzz* is something that is "incubated, fostered, and underwritten by the firm," and may take the form of trial versions, testimonials, observable usage, endorsements, gift certificates, hosted chat rooms, and so on. The firm should understand that the observability and the trialability of the viral marketing program for the new product (these two concepts will be fully discussed later in this chapter) are critical elements. For example, a money-back guarantee makes trialability a win-win undertaking for the consumers because it reduces the risk perceived with regard to making a purchase.[28]

One way in which the "buzz" can spread quickly is through the forwarding of e-mails. It is estimated that 90 percent of Internet users use e-mail, and about 50 percent of them use it daily. The term *Viral Maven* has been coined to refer to an individual who receives and sends pass-along e-mail frequently, as opposed to *Infrequent Senders*. One Viral Maven, for example, forwarded an e-mail about the band Nsync to 500 of her friends because it contained video messages from band members that were not available anywhere else.[29] Table 15.9 presents the motives for sending pass-along e-mail. Note how four of the six top-rated reasons deal with enjoyment and/or entertainment, and the other two concern social motivations. Recently, Nescafé Café con Leche (Nestle Argentina) recruited 50 of the drink's target consumers who were "big" e-mail forwarders and asked them to forward a spot for the product to at least 15 people each. In the month after the product's introduction, the spot and link were forwarded 100,000 times, and 15 to 20 percent of visitors to the site answered a four-question survey.[30]

To learn more about viral and buzz marketing check out the Web site of the Viral and Buzz Marketing Association, a group of marketing practitioners who desire to advance the art and science of word-of-mouth and to benefit and protect interests of consumers (**www.vbma.net**).

Weblogs as word-of-mouth

One of the newest mediums for disseminating word-of-mouth is the blog (short for Weblog), with over five million of these Web journals appearing on the Internet over the past few years. Recently, *Fortune Magazine* named the blog the number one tech trend, and estimated that 23,000 new Weblogs are created daily—both by consumers and by companies. Consider the power and impact of blogs on a company's products. Specifically, when a person posted information on a group discussion site that U-shaped Kryptonite bicycle locks could be picked with a Bic ballpoint pen, within a few days a number of blogs had videos demonstrating how this could be done. Four days after the original posting, Kryptonite issued a statement promising that their new line of bicycle locks would be tougher. But bloggers kept up the pressure, and shortly thereafter *The New York Times* and The Associated Press published articles about the problem. Over a ten-day period (see Figure 15.5) about 1.8 million people read postings about Kryptonite, and the company announced that it would offer free exchange for any affected lock. And anyone can create a blog. For example, you can just go to Google's Blogger.com or Spaces.MSN.com and create an account. If you're interested if anyone is reading your blog, you can register with a service like Feedburner to see how many hits you're getting.[31]

TABLE 15.9 Motives for Sending Pass-Along E-mail

Item
Because it's fun
Because I enjoy it
Because it's entertaining
To help others
To have a good time
To let others know I care about their feelings
To thank them
To get away from what I'm doing
Because it peps me up
To show others encouragement
Because it allows me to unwind
Because it's exciting
Because it relaxes me
Because it's stimulating
To get something I don't have
To get away from pressures
Because it's a pleasant rest
Because I'm concerned about them
Because it makes me feel less tense
To put off something I should be doing
Because I have nothing better to do
Because it's reassuring to know someone's there
Because I want someone to do something for me
Because it's thrilling
To tell others what to do
Because I just need to talk
Because I need someone to talk to
Because it makes me feel less lonely

Source: Joseph E. Phelps, Regina Lewis, Lynne Mobilio, David Perry, and Niranjan Raman, "Viral Marketing or Electronic Word-of-Mouth Advertising: Examining Consumer Responses and Motivations to Pass Along Email," *Journal of Advertising Research*, December 2004, 343.

Participants were asked to indicate the importance of 28 reasons for communicating with others via pass-along e-mail. Listed in descending order of importance.

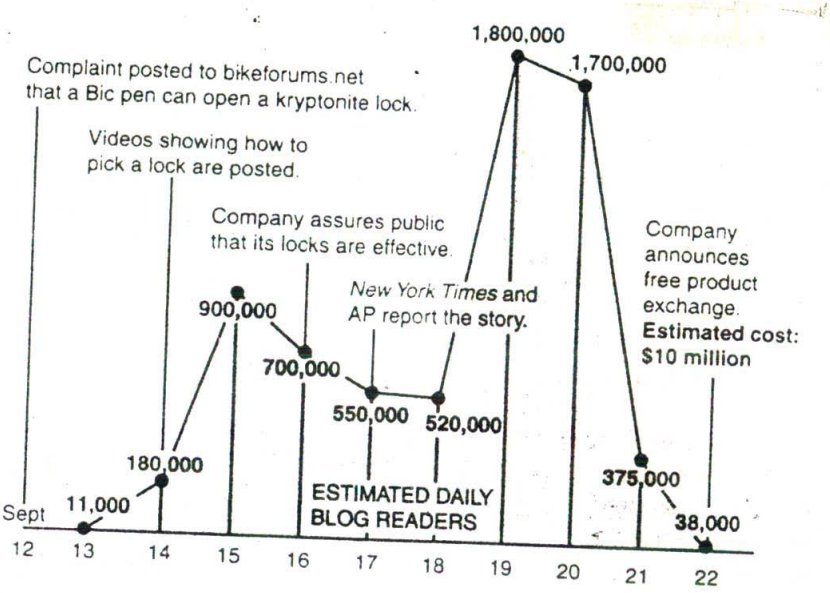
diffusion of innovations

The second part of this chapter examines a major issue in marketing and consumer behavior—the acceptance of new products and services. The framework for exploring consumer acceptance of new products is drawn from the area of research known as the **diffusion of innovations**. Consumer researchers who specialize in the diffusion of innovations are primarily interested in understanding two closely related processes: the **diffusion process** and the **adoption process**. In the broadest sense, diffusion is a macro process concerned with the spread of a new product (an innovation) from its source to the consuming public. In contrast, adoption is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new

FIGURE 15.5

Kryptonite's Blogstorm How Ten Days of Internet Chatter Crippled a Company's Reputation

Source: David Kirkpatrick and Daniel Roth, "Why There's No Escaping the BLOG," *Fortune*, January 10, 2005, 48.



product. In addition to an examination of these two interrelated processes, we present a profile of **consumer innovators**, those who are the first to purchase a new product. The ability of marketers to identify and reach this important group of consumers plays a major role in the success or failure of new-product introductions.

And why are new-product introductions so important? Consider General Motors' OnStar system, which is in widespread use today. When it was first introduced, it was a dealer-installed option that required consumers to obtain their own cellular accounts. When dealers informed GM that this procedure was overly cumbersome and was limiting sales, General Motors made a deal with a cellular telephone company, which allowed OnStar to be packaged as a factory-installed fully functioning communications device. GM was also told by consumers that they did not need the detailed diagnostic engine reports that the system was providing—they only needed to know the difference between a problem that required immediate emergency attention and one that could wait for a routine service appointment.[32] These changes to the original GM version of OnStar undoubtedly increased its popularity with GM vehicle purchasers.

the diffusion process

The diffusion process is concerned with how innovations spread, that is, how they are assimilated within a market. More precisely, diffusion is the process by which the acceptance of an innovation (a new product, new service, new idea, or new practice) is spread by communication (mass media, salespeople, or informal conversations) to members of a social system (a target market) over a period of time. This definition includes the four basic elements of the diffusion process: (1) the innovation, (2) the channels of communication, (3) the social system, and (4) time.

The innovation

No universally accepted definition of the terms product **innovation** or *new product* exists. Instead, various approaches have been taken to define a new product or a new service; these can be classified as *firm-*, *product-*, *market-*, and *consumer-oriented definitions*

Firm-oriented definitions

A *firm-oriented* approach treats the newness of a product from the perspective of the company producing or marketing it. When the product is "new" to the company, it is considered new. This definition ignores whether or not the product is actually new to the marketplace (i.e., to competitors or consumers). Consistent with this view, copies or modifications of a competitor's product would qualify as new. Although this definition has considerable merit when the objective is to examine the impact that a "new" product has on the firm, it is not very useful when the goal is to understand consumer acceptance of a new product.

Product-oriented definitions

In contrast to firm-oriented definitions, a *product-oriented* approach focuses on the features inherent in the product itself and on the effects these features are likely to have on consumers' established usage patterns. One product-oriented framework considers the extent to which a new product is likely to disrupt established behavior patterns. It defines the following three types of product innovations:[33]

1. ***A* continuous innovation** *has the least disruptive influence on established patterns. It involves the introduction of a modified product rather than a totally new product. Examples include the redesigned BMW 3-Series, the latest version of Microsoft Windows, reduced-fat Vienna Finger cookies, Hershey dark chocolate Kisses, American Express Travel Checque Card, and Band-Aid Tough Strips (see Figure 15.6).*
2. ***A* dynamically continuous innovation** *is somewhat more disruptive than a continuous innovation but still does not alter established behavior patterns. It may involve the creation of a new product or the modification of an existing product. Examples include digital cameras, digital video recorders, MP3 players, tablet PCs, USB flash drives, and disposable diapers.*
3. ***A* discontinuous innovation** *requires consumers to adopt new behavior patterns. Examples include airplanes, radios, TVs, automobiles, fax machines, PCs, videocassette recorders, medical self-test kits, and the Internet.*

Figure 15.7 shows how the telephone, a discontinuous innovation of major magnitude, has produced a variety of both dynamically continuous and continuous innovations and has even stimulated the development of other discontinuous innovations.

Market-oriented definitions

A *market-oriented* approach judges the newness of a product in terms of how much exposure consumers have to the new product. Two market-oriented definitions of product innovation have been used extensively in consumer studies:

1. *A product is considered new if it has been purchased by a relatively small (fixed) percentage of the potential market.*
2. *A product is considered new if it has been on the market for a relatively short (specified) period of time.*

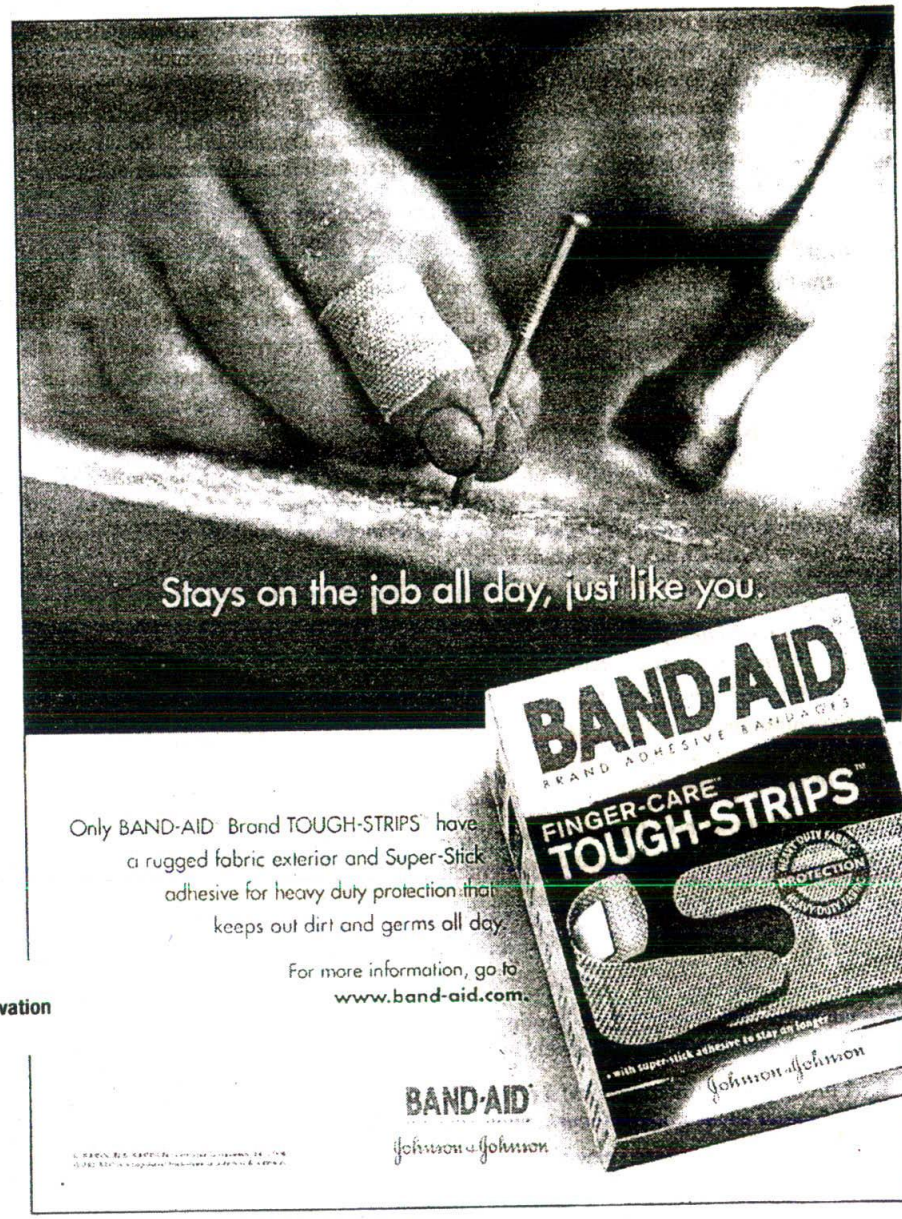
Both of these market-oriented definitions are basically subjective because they leave the researcher with the task of establishing the degree of sales penetration within the market that qualifies the product as an "innovation" (such as the first 5 percent of the potential market to use the new product) or how long the product can be on the market and still be considered "new" (i.e., the first three months that the product is available).

Consumer-oriented definitions

Although each of the three approaches described have been useful to consumer researchers in their study of the diffusion of innovations, some researchers have favored a *consumer-oriented* approach in defining an innovation.[34] In this context, a "new" product is a product that a potential consumer judges to be new. In other words, newness is based on the consumer's perception of the product rather than on physical features or market

FIGURE 15.6

Source: © Johnson & Johnson. Used with permission.



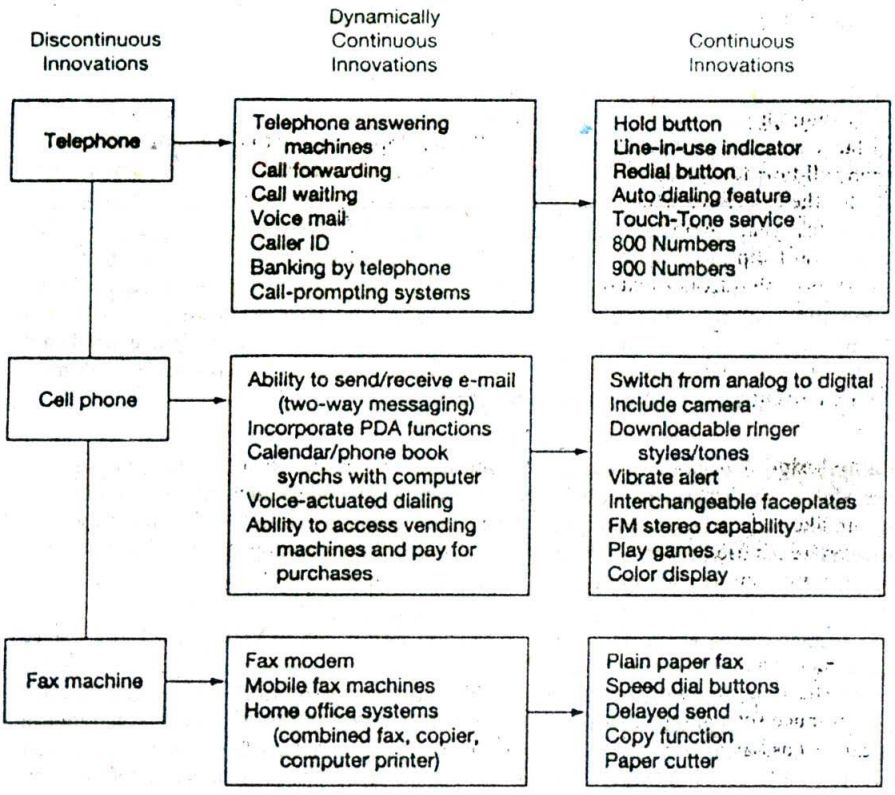
A Continuous Innovation

realities. Although the consumer-oriented approach has been endorsed by some advertising and marketing practitioners, it has received little systematic research attention.

Additionally, it should be pointed out that although this portion of the chapter deals primarily with what might be described as "purchase" innovativeness (or time of adoption), a second type of innovativeness, "use innovativeness," has been the subject of some thought and research. A consumer is being *use innovative* when he or she uses a previously adopted product in a novel or unusual way. In one study that dealt with the adoption of VCRs and PCs, early adopters showed significantly higher use innovativeness than those who adopted somewhat later along the cycle of acceptance of the innovation.[35]

FIGURE 15.7

The Telephone Has Led to Related Innovations



Product characteristics that influence diffusion

All products that are new do not have equal potential for consumer acceptance. Some products seem to catch on almost overnight (cordless telephones), whereas others take a very long time to gain acceptance or never seem to achieve widespread consumer acceptance (trash compactors).

The uncertainties of product marketing would be reduced if marketers could anticipate how consumers will react to their products. For example, if a marketer knew that a product contained inherent features that were likely to inhibit its acceptance, the marketer could develop a promotional strategy that would compensate for these features or decide not to market the product at all. Pickups trucks are now being designed for the female driver, and manufacturers are careful to design door handles that do not break nails. Ford even offers adjustable gas and brake pedals.[36]

Although there are no precise formulas by which marketers can evaluate a new product's likely acceptance, diffusion researchers have identified five product characteristics that seem to influence consumer acceptance of new products: (1) relative advantage, (2) compatibility, (3) complexity, (4) trialability, and (5) observability.[37] Based on available research, it has been estimated that these five product characteristics account for much of the dynamic nature of the rate or speed of adoption.[38]

Relative Advantage The degree to which potential customers perceive a new product as superior to existing substitutes is its *relative advantage*. For example, although many people carry beepers so that their business offices or families can contact them, a cellular telephone enables users to be in nearly instant communication with the world and allows users to both receive and place calls. The fax machine is another example of an innovation that

offers users a significant relative advantage in terms of their ability to communicate. A document can be transmitted in as little as 15 to 18 seconds at perhaps one-tenth the cost of an overnight express service, which will not deliver the document until the following day.

Compatibility The degree to which potential consumers feel a new product is consistent with their present needs, values, and practices is a measure of its *compatibility*. For instance, an advantage of 3M's Scotch™ Pop-up Tape Strips is that they are easier to use than roll-tape for certain tasks (such as wrapping gifts), yet they represent no new learning for the user. Similarly, in the realm of shaving products, it is not too difficult to imagine that a few years ago when Gillette introduced the MACH3 razor, some men made the transition from inexpensive disposable razors and other men shifted from competitive nondisposable razors (including Gillette's own Sensor razors). This new product is fully compatible with the established wet-shaving rituals of many men. However, it is difficult to imagine male shavers shifting to a new depilatory cream designed to remove facial hair. Although potentially simpler to use, a cream would be basically *incompatible* with most men's current values regarding daily shaving practices.

Complexity *Complexity*, the degree to which a new product is difficult to understand or use, affects product acceptance. Clearly, the easier it is to understand and use a product, the more likely it is to be accepted. For example, the acceptance of such convenience foods as frozen french fries, instant puddings, and microwave dinners is generally due to their ease of preparation and use. Interestingly, although VCRs can be found in most American homes, millions of adults still need help from their children in programming the machine to record a particular television program. The introduction, awhile ago, of VCR Plus+ and TV have helped a little to reduce the ongoing challenge to easily use a VCR to record a TV program.

The issue of complexity is especially important when attempting to gain market acceptance for high-tech consumer products. Four predominant types of "technological fear" act as barriers to new product acceptance: (1) fear of technical complexity, (2) fear of rapid obsolescence, (3) fear of social rejection, and (4) fear of physical harm. Of the four, *technological complexity* was the most widespread concern of consumer innovators.[39]

Trialability *Trialability* refers to the degree to which a new product is capable of being tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate it and ultimately adopt it. In general, frequently purchased household products tend to have qualities that make trial relatively easy, such as the ability to purchase a small or "trial" size. Because a computer program cannot be packaged in a smaller size, many computer software companies offer free working models of their latest software to encourage computer users to try the program and subsequently buy the program.

Aware of the importance of trial, marketers of new supermarket products commonly use substantial cents-off coupons or free samples to provide consumers with direct product experience. On the other hand, durable items, such as refrigerators or ovens, are difficult to try without making a major commitment. This may explain why publications such as *Consumer Reports* are so widely consulted for their ratings of infrequently purchased durable goods.

Observability *Observability* (or communicability) is the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. Products that have a high degree of social visibility, such as fashion items, are more easily diffused than products that are used in private, such as a new type of deodorant. Similarly, a tangible product is promoted more easily than an intangible product (such as a service).

It is also important to recognize that a particular innovation may diffuse differently throughout different cultures. For example, although shelf-stable milk (milk that does not require refrigeration) has been successfully sold for years in Europe, Americans thus far have resisted the aseptic milk package. Table 15.10 summarizes the product characteristics that influence diffusion.

TABLE 15.10 Product Characteristics That Influence Diffusion

CHARACTERISTICS	DEFINITION	EXAMPLES
Relative Advantage	The degree to which potential customers perceive a new product as superior to existing substitutes	HDTV over standard TV, MP3 player over a traditional CD player
Compatibility	The degree to which potential consumers feel a new product is consistent with their present needs, values, and practices	Gillette MACH3 Turbo over disposable razors, digital alarm clocks over analog alarm clocks
Complexity	The degree to which a new product is difficult to understand or use	Products low in complexity include hot and cold cereals, disposable razors, and soap
Trialability	The degree to which a new product is capable of being tried on a limited basis	Trial-size jars and bottles of new products, free trials of software, free samples, cents-off coupons
Observability	The degree to which a product's benefits or attributes can be observed, imagined, or described to potential customers	Clothing, such as Ralph Lauren jeans, sneakers, laptops, messenger bags

Resistance to innovation

What makes some new products almost instant successes, while others must struggle to achieve consumer acceptance? To help answer such a question, marketers look at the product characteristics of an innovation. Such characteristics offer clues to help determine the extent of consumer resistance, which increases when perceived relative advantage, perceived compatibility, trialability, and communicability are low, and perceived complexity is high. The term *innovation overload* is used to describe the situation in which the increase in information and options available to the consumer is so great that it seriously impairs decision making. As a result, the consumer finds it difficult to make comparisons among the available choices. In a world in which consumers often find themselves with too little time and too much stress, increased complexity of products wastes time and may reduce or eliminate acceptance of the product.

The channels of communication

How quickly an innovation spreads through a market depends to a great extent on communications between the marketer and consumers, as well as communication among consumers (word-of-mouth communication). Of central concern is the uncovering of the relative influence of impersonal sources (advertising and editorial matter) and interpersonal sources (salespeople and informal opinion leaders). Over the past decade or so, we have also seen the rapid increase of the Internet as a major consumer-related source of information. The Internet is particularly interesting since it can on the one hand be seen as an interpersonal source of information (e.g., with its Internet ads, e-commerce Web sites that function like a direct-mail category, and the introduction and growth of Webpods). In contrast, the Internet can concurrently be seen as a highly personal and

interpersonal source of information. In this second context, the Internet consumers have an incredible number of company- and noncompany-sponsored forums and discussion groups to chat away with people who have expertise and experience that is vital to making an informed decision.

Still further, in recent years, a variety of new channels of communication have been developed to inform consumers of innovative products and services. Consider the growth of interactive marketing messages, in which the consumer becomes an important part of the communication rather than just a "passive" message recipient. For example, for the past several years, an increasing number of companies, such as the Ford Motor Company, General Motors, and other major automobile manufactures, have used CD-ROMs to promote their products.

As of this writing, perhaps the newest and rapidly growing medium for word-of-mouth is the podcast, which some consumers are seeking out as alternatives to TV, radio, and print. It has been estimated that there are now thousands of podcasts available on the Internet, which the consumer can download as an audio file (e.g., computer, MP3 player). For example, the *Harvard Business Review* is available in audio format as a podcast.[40]

The social system

The diffusion of a new product usually takes place in a social setting frequently referred to as a *social system.* In the context of consumer behavior, the terms *market segment* and target market may be more relevant than the term *social system* used in diffusion research. A social system is a physical, social, or cultural environment to which people belong and within which they function. For example, for a new hybrid-seed corn, the social system might consist of all farmers in a number of local communities. For a new drug, the social system might consist of all physicians within a specific medical specialty (e.g., all neurologists). For a new special diet product, the social system might include all residents of a geriatric community. As these examples indicate, the social system serves as the *boundary* within which the diffusion of a new product is examined.

The orientation of a social system, with its own special values or norms, is likely to influence the acceptance or rejection of new products. When a social system is modern in orientation, the acceptance of innovations is likely to be high. In contrast, when a social system is traditional in orientation, innovations that are perceived as radical or as infringements on established customs are likely to be avoided. According to one authority, the following characteristics typify a *modern social system:* [41]

- *A positive attitude toward change*
- *An advanced technology and skilled labor force*
- *A general respect for education and science*
- *An emphasis on rational and ordered social relationships rather than on emotional ones*
- *An outreach perspective, in which members of the system frequently interact with outsiders, thus facilitating the entrance of new ideas into the social system*
- *A system in which members can readily see themselves in quite different roles*

Furthermore, a social system (either modern or traditional) may be national in scope and may influence members of an entire society or may exist at the local level and influence only those who live in a specific community. The key point to remember is that a social system's orientation is the climate in which marketers must operate to gain acceptance for their new products. For example, in recent years, the United States has experienced a decline in the demand for beef, from just under 80 pounds per person in 1970 to a little over 60 pounds per person in the first few years of this century.[42] The growing interest in health and fitness throughout the nation has created a climate in which beef is considered too high in fat and in caloric content. At the same time, the consumption of chicken and fish has increased because these foods satisfy the prevailing nutritional values of a great number of consumers.

Time

Time is the backbone of the diffusion process. It pervades the study of diffusion in three distinct but interrelated ways: (1) the *amount of purchase time,* (2) the identification of *adopter categories,* and (3) the *rate of adoption.*

Purchase time

Purchase time refers to the amount of time that elapses between consumers' initial awareness of a new product or service and the point at which they purchase or reject it. Table 15.11 illustrates the scope of purchase time by tracking a hypothetical professor's purchase of a new PC for his home.

Table 15.11 illustrates not only the length and complexity of consumer decision making but also how different information sources become important at successive steps

TABLE 15.11 Time Line for Selecting a Computer

WEEK	PRECIPITATING SITUATIONS/FACTORS
0	Richard is a college professor, who, in addition to teaching, is also a marketing researcher. He uses his home computer to create PowerPoint presentations for use in class, to tabulate and analyze marketing research survey data, to create marketing research reports, to search the Internet for information, and to communicate (via e-mail) with both students, clients, and friends. His current computer is almost 5 years old, and at times can be a bit slow, especially compared to the new, state-of-the-art computer that was recently installed in his college office.
	DECISION PROCESS BEGINS
1–2	Richard visits a number of computer stores and talks to salespeople about the pros and cons of various computer brands and models. He also visits several dozen Web sites where he reads both the specifications of different computers and a number of computer model reviews.
3–7	The transmission in the family's 5-year-old SUV breaks and has to be replaced. Because of the expense involved, Richard puts the notion of buying a new computer on "hold" for a while.
	INTEREST IS RETRIGGERED
8	As July is drawing to a close and with the start of the new fall semester only a month away, Richard again starts thinking about buying a new computer, in order to have it set up in his home, with his software installed, before the beginning of the new semester.
	CONSUMER ACQUIRES A MENTOR (OPINION LEADER)
9	Richard asks one of his colleagues at the college, a fellow teacher who knows a great deal about computers, to serve as his mentor (opinion leader) with respect to PCs, and he agrees.
	FEATURES AND BRAND OPTIONS ARE REVIEWED
10–11	With the advice of the mentor, Richard narrows down his choice to one Sony Vaio model, one Hewlett Packard model, and one Dell model. While he knows that he wants a 19-inch LCD display, he is unsure about how much memory he really needs, and whether a DVD burner is really necessary.
12–13	Richard revisits several computer stores to look at the Sony and HP models of interest, and spends time on the Dell Web site reading about the numerous ways that this brand of PC can be configured.
14	After his mentor tells him to check the **www.gotapex.com** Web site daily, he discovers one morning that the site is offering a Dell coupon worth $400. So the Dell PC that he was considering, which was going to cost $1,200, now will cost only $800.
	ORDERING THE COMPUTER
	Richard calls his mentor and tells him about the coupon, and his mentor replies "It's a great deal – take it!" So Richard accesses the Dell Web site, orders the computer (which includes free shipping), and five days later, via UPS delivery, the computer arrives at his front door. He unpacks it, follows the color-coded directions for setting it up, and turns it on. Everything works perfectly, and he spends the next day installing his software, his files, and his broadband Internet connection. By the time the new semester begins, Richard has a computer that is up-and-running and is several times faster than his old one.

in the process. Purchase time is an important concept because the average time a consumer takes to adopt a new product is sometimes a useful predictor of the overall length of time it will take for the new product to achieve widespread adoption. For example, when the individual purchase time is short, a marketer can expect that the overall rate of diffusion will be faster than when the individual purchase time is long.

Adopter categories

The concept of **adopter categories** involves a classification scheme that indicates where a consumer stands in relation to other consumers in terms of time (or when the consumer adopts a new product). Five adopter categories are frequently cited in the diffusion literature: *innovators, early adopters, early majority, late majority,* and *laggards.* Table 15.12 describes each of these adopter categories and estimates their relative proportions within the total population that eventually adopts the new product. It should also be mentioned that the person first to buy an innovation is often an individual who serves as a bridge to other networks, an opinion broker between groups, rather than within groups.[43]

TABLE 15.12 Adopter Categories

ADOPTER CATEGORY	DESCRIPTION	RELATIVE PERCENTAGE WITHIN THE POPULATION THAT EVENTUALLY ADOPTS
Innovators	*Venturesome*—very eager to try new ideas; acceptable if risk is daring; more cosmopolite social relationships; communicate with other innovators	2.5%
Early Adopters	*Respect*—more integrated into the local social system; the persons to check with before adopting a new idea; category contains greatest number of opinion leaders; are role models	13.5
Early Majority	*Deliberate*—adopt new ideas just prior to the average time; seldom hold leadership positions; deliberate for some time before adopting	34.0
Late Majority	*Skeptical*—adopt new ideas just after the average time; adopting may be both an economic necessity and a reaction to peer pressures; innovations approached cautiously	34.0
Laggards	*Traditional*—the last people to adopt an innovation; most "localite" in outlook; oriented to the past; suspicious of the new	16.0
		100.0%

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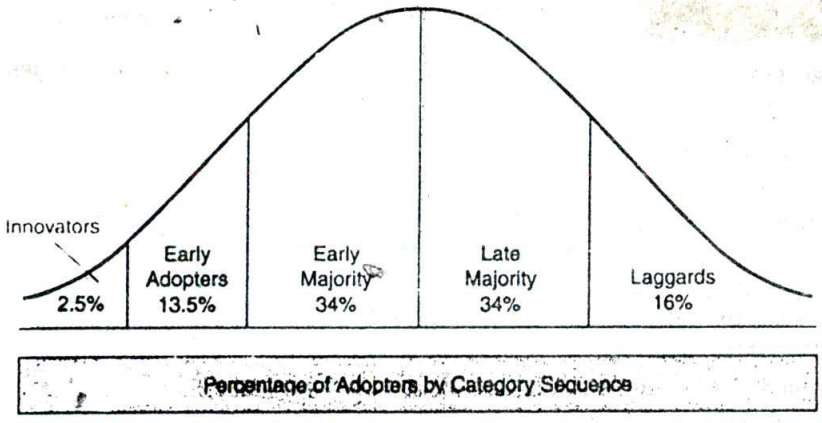


FIGURE 15.8

The Sequence and Proportion of Adopter Categories Among the Population That Eventually Adopts

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As Figure 15.8 indicates, the adopter categories are generally depicted as taking on the characteristics of a normal distribution (a bell-shaped curve) that describes the total population that ultimately adopts a product. Some argue that the bell curve is an erroneous depiction because it may lead to the inaccurate conclusion that 100 percent of the members of the social system under study (the target market) eventually will accept the product innovation. This assumption is not in keeping with marketers' experiences, because very few, if any, products fit the precise needs of all potential consumers. For example, all renters/purchasers of movies who have in the past rented video cassettes could theoretically be expected to use (or try) DVDs. In fact, it is unrealistic for the movie rental/sales industry to expect all prerecorded movie renters/purchasers to switch to DVD. For this reason, it is appropriate to add an additional category, that of *nonadopters*. The "nonadopter" category is in accord with marketplace reality—that *not* all potential consumers adopt a particular product or service innovation. For example, 28 percent of U.S. adults do not own a cell phone.[44]

Instead of the classic five-category adopter scheme, many consumer researchers have used other classification schemes, most of which consist of two or three categories that compare *innovators* or *early triers* with *later triers* or nontriers. As we will see, this focus on the innovator or early trier has produced several important generalizations that have practical significance for marketers planning the introduction of new products.

Rate of adoption

The rate of adoption is concerned with how long it takes a new product or service to be adopted by members of a social system, that is, how quickly it takes a new product to be accepted by those who will ultimately adopt it. The general view is that the rate of adoption for new products is getting faster or shorter. Fashion adoption is a form of diffusion, one in which the rate of adoption is important. Cyclical fashion trends or "fads" are extremely "fast," whereas "fashion classics" may have extremely slow or "long" cycles.

In general, the diffusion of products worldwide is becoming a more rapid phenomenon. For example, it took black-and-white TVs about 12 years longer to reach the same level of penetration in Europe and Japan as in the United States. For color TVs, the lag time dropped to about five years for Japan and several more years for Europe. In contrast, for VCRs there was only a three- or four-year spread, with the United States (with its emphasis on cable TV) lagging behind Europe and Japan. Finally, for compact disk players, penetration levels in all three countries were about even after only three years.[45] Table 15.13 presents the time required for a sample of electronic products to penetrate 10 percent of the mass market in the United Kingdom.

TABLE 15.13 Time Required for Electronic Products to Penetrate 10 Percent of the Mass Market in the United Kingdom

PRODUCT	NUMBER OF YEARS
Pager	41
Telephone	38
Cable television	25
Fax machine	22
VCR	9
Cellular phone	9
Personal computer	7
CD-ROM*	6
Wireless data service*	6
Screen-phone*	6
Interactive television*	3

*Predicted.

Source: Eric Chi-Chung Shiu and John A. Dawson, "Cross-National Consumer Segmentation of Internet Shopping for Britain and Taiwan," *The Service Industries Journal (London)*, 22, January 2002, 163. Reprinted by permission.

The objective in marketing new products is usually to gain wide acceptance of the product as quickly as possible. Marketers desire a rapid rate of product adoption to penetrate the market and quickly establish market leadership (obtain the largest share of the market) before competition takes hold. A *penetration policy* is usually accompanied by a relatively low introductory price designed to discourage competition from entering the market. Rapid product adoption also demonstrates to marketing intermediaries (wholesalers and retailers) that the product is worthy of their full and continued support.

Under certain circumstances, marketers might prefer to avoid a rapid rate of adoption for a new product. For example, marketers who wish to use a pricing strategy that will enable them to recoup their development costs quickly might follow a *skimming policy:* They first make the product available at a very high price to consumers who are willing to pay top dollar and then gradually lower the price in a stepwise fashion to attract additional market segments at each price reduction plateau. For example, when 17-inch computer monitors (not flat-screen LCD panels) were first introduced, they sold for more than $700. Today they can be purchased for $100 or less.

In addition to how long it takes from introduction to the point of adoption (or when the purchase actually occurs), it is useful to track the extent of adoption (the diffusion rate). For instance, a particular corporation might not upgrade its employees' computer systems to the Windows XP environment until after many other companies in the area have already begun to do so. However, once it decides to upgrade, it might install Windows XP software in a relatively short period of time on all of its employees' PCs. Thus, although the company was relatively "late" with respect to *time* of adoption, its *extent* of adoption was very high.

Although sales graphs depicting the adoption categories (again, see Figure 15.8) are typically thought of as having a normal distribution in which sales continue to increase prior to reaching a peak (at the top of the curve), some research evidence indicates that a third to a half of such sales curves, at least in the consumer electronics industry, involve an initial peak, a trough, and then another sales increase. Such a "saddle" in the sales curve has been attributed to the early market adopters and the main market adopters being two separate markets.[46] Figure 15.9 presents two examples of sales curves with saddles—PCs and VCR decks with stereo.

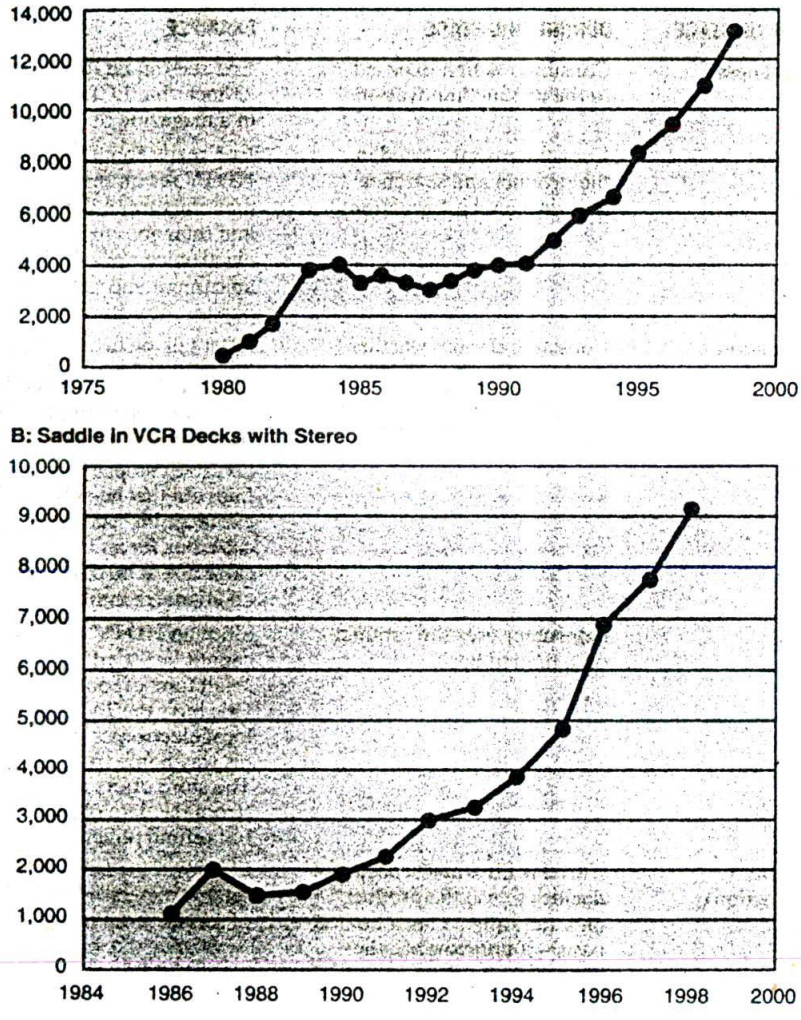


FIGURE 15.9

"Sales Saddle" Differentiates Early Market Adopters from the Main Market Adopters

Source: Jacob Goldenberg, Barak Libai, and Eitan Muller, "Riding the Saddle: How Cross-Market Communications Can Create a Major Slump in Sales," *Journal of Marketing* 66 (April 2002): 5.

the adoption process

The second major process in the diffusion of innovations is *adoption*. The focus of this process is the stages through which an individual consumer passes while arriving at a decision to try or not to try, or to continue using or to discontinue using a new product. (The *adoption process* should not be confused with *adopter categories*.)

Stages in the adoption process

It is often assumed that the consumer moves through five stages in arriving at a decision to purchase or reject a new product: (1) awareness, (2) interest, (3) evaluation, (4) trial, and (5) adoption (or rejection). The assumption underlying the adoption process is that consumers engage in extensive information search (see Chapter 7), whereas consumer involvement theory suggests that for some products, a limited information search is more likely (for low-involvement products). The five **stages in the adoption process** are described in Table 15.14.

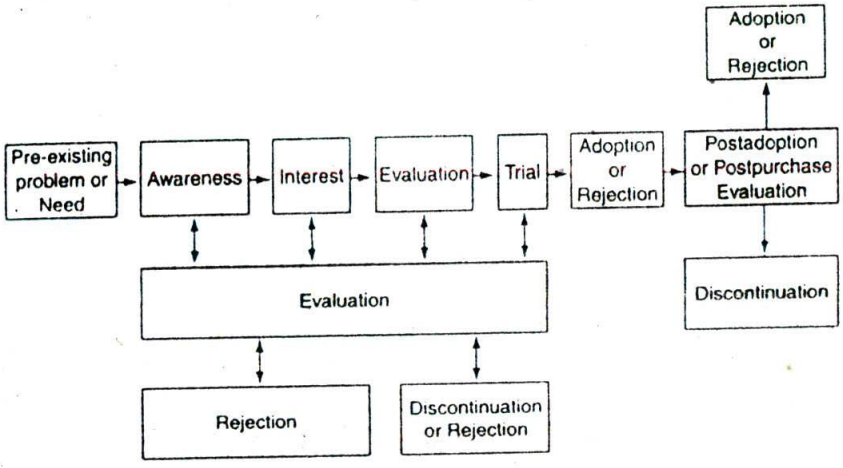
TABLE 15.14 The Stages in the Adoption Process

NAME OF STAGE	WHAT HAPPENS DURING THIS STAGE	EXAMPLE
Awareness	Consumer is first exposed to the product innovation.	Eric sees an ad for a 23-inch thin LCD HDTV in a magazine he is reading.
Interest	Consumer is interested in the product and searches for additional information.	Eric reads about the HDTV set on the manufacturer's Web site and then goes to an electronics store near his apartment and has a salesperson show him the unit.
Evaluation	Consumer decides whether or not to believe that this product or service will satisfy the need—a kind of "mental trial."	After talking to a knowledgeable friend, Eric decides that this TV will fit nicely on top of the chest in his bedroom. He also calls his cable company and finds out that he can exchange his "standard" TV cable box for an HDTV cable box at no cost and no additional monthly fee.
Trial	Consumer uses the product on a limited basis.	Since an HDTV set cannot be "tried" like a small tube of toothpaste, Eric buys the TV at his local electronics store on his way home from work. The store offers a 14-day (from the date of purchase) full refund policy.
Adoption (Rejection)	If trial is favorable, consumer decides to use the product on a full rather than a limited basis—if unfavorable, the consumer decides to reject it.	Eric loves his new HDTV set and expects many years of service from it.

Although the traditional adoption process model is insightful in its simplicity, it does not adequately reflect the full complexity of the consumer adoption process. For one, it does not adequately acknowledge that there is quite often a need or problem-recognition stage that consumers face before acquiring an awareness of potential options or solutions (a need recognition preceding the awareness stage). Moreover, the adoption process does not adequately provide for the possibility of evaluation and rejection of a new product or service after each stage, especially after trial (i.e., a consumer may reject the product after trial or never use the product on a continuous basis). Finally, it does not explicitly include post-adoption or postpurchase evaluation, which can lead to a strengthened commitment or to a decision to discontinue use. Figure 15.10 presents an enhanced representation of the adoption process model, one that includes the additional dimensions or actions described here.

The adoption of some products and services may have minimal consequences, whereas the adoption of other innovations may lead to major behavioral and lifestyle changes. Examples of innovations with such major impact on society include the automobile, the telephone, the electric refrigerator, the television, the airplane, the personal computer, and the Internet.

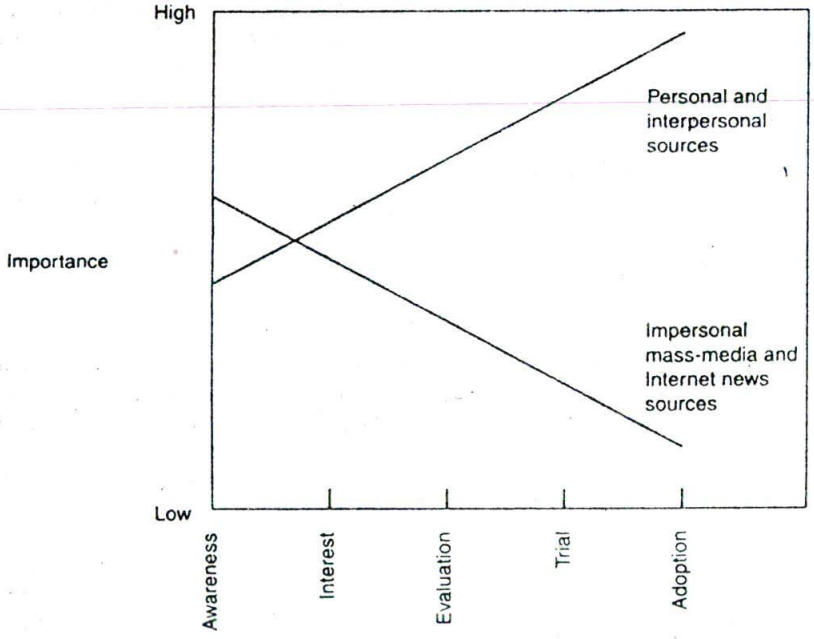
FIGURE 15.10



An Enhanced Adoption Process Model

The adoption process and information sources

The adoption process provides a framework for determining which types of information sources consumers find most important at specific decision stages. For example, early purchasers of USB storage devices or keys (often used to back up or store computer files) might first become aware of the products via mass-media sources (e.g., *PC Magazine* or Internet sites like **www.news.com**). Then these early or innovative consumers' final pretrial information might be an outcome of informal discussions with personal sources (e.g., other innovators at a technology forum or chat room). The key point is that impersonal mass-media sources tend to be most valuable for creating initial product awareness; as the purchase decision progresses, however, the relative importance of these sources declines while the relative importance of interpersonal sources (friends, salespeople, and others) increases. Figure 15.11 depicts this relationship.



The Relative Importance of Different Types of Information Sources in the Adoption Process

FIGURE 15.11

a profile of the consumer innovator

Who is the consumer innovator? What characteristics set the innovator apart from later adopters and from those who never purchase? How can the marketer reach and influence the innovator? These are key questions for the marketing practitioner about to introduce a new product or service.

Defining the consumer innovator

Consumer innovators can be defined as the relatively small group of consumers who are the earliest purchasers of a new product. The problem with this definition, however, concerns the concept of *earliest*, which is, after all, a relative term. Sociologists have treated this issue by sometimes defining innovators as the first 2.5 percent of the social system to adopt an innovation. In many marketing diffusion studies, however, the definition of the consumer innovator has been derived from the status of the new product under investigation. For example, if researchers define a new product as an innovation for the first three months of its availability, then they define the consumers who purchase it during this period as "innovators." Other researchers have defined innovators in terms of their *innovativeness*, that is, their purchase of some minimum number of new products from a selected group of new products. For instance, in the adoption of new fashion items, innovators can be defined as those consumers who purchase more than one fashion product from a group of 10 new fashion products. Noninnovators would be defined as those who purchase none or only one of the new fashion products. In other instances, researchers have defined innovators as those falling within an arbitrary proportion of the total market (e.g., the first 10 percent of the population in a specified geographic area to buy the new product).

Interest in the product category

Not surprisingly, consumer innovators are much more interested than either later adopters or nonadopters in the product categories that they are among the first to purchase. If what is known from diffusion theory holds true in the future, the earliest purchasers of small electric automobiles are likely to have substantially greater interest in automobiles (they will enjoy looking at automotive magazines and will be interested in the performance and functioning of automobiles) than those who purchased conventional small cars during the same period or those who purchased small electric cars during a later period. Also, early adopters of products containing a nonfat synthetic cooking oil (i.e., olestra) were found to have a high interest in such a product because of health and diet concerns.

Consumer innovators are more likely than noninnovators to seek information concerning their specific interests from a variety of informal and mass-media sources. They are more likely to give greater deliberation to the purchase of new products or services in their areas of interest than noninnovators.

The innovator is an opinion leader

When discussing the characteristics of the opinion leader earlier in this chapter, we indicated a strong tendency for consumer opinion leaders to be innovators. In the present context, an impressive amount of research on the diffusion of innovations has found that consumer innovators provide other consumers with information and advice about new products and that those who receive such advice frequently follow it. Thus, in the role of opinion leader, the consumer innovator often influences the acceptance or rejection of new products.

When innovators are enthusiastic about a new product and encourage others to try it, the product is likely to receive broader and quicker acceptance. When consumer innovators are dissatisfied with a new product and discourage others from trying it, its acceptance will be severely limited, and it may die a quick death. For products that do not generate

much excitement (either positive or negative), consumer innovators may not be sufficiently motivated to provide advice. In such cases, the marketer must rely almost entirely on mass media and personal selling to influence future purchasers; the absence of informal influence is also likely to result in a somewhat slower rate of acceptance (or rejection) of the new product. Because motivated consumer innovators can influence the rate of acceptance or rejection of a new product, they influence its eventual success or failure.

Personality traits

In Chapter 5, we examined the personality traits that distinguish the consumer innovator from the noninnovator. In this section, we will briefly highlight what researchers have learned about the personality of the consumer innovator.

First, consumer innovators generally are *less dogmatic* than noninnovators. They tend to approach new or unfamiliar products with considerable openness and little anxiety. In contrast, noninnovators seem to find new products threatening to the point where they prefer to delay purchase until the product's success has been clearly established.

Consistent with their open-mindedness, it appears that innovative behavior is an expression of an individual's *need for uniqueness.*[47] Some researchers have found that a tension exists in decision making between two opposing objectives—conformity and distinction. The need for uniqueness allows an individual to distinguish himself by purchasing a rare item, which is a socially acceptable behavior. Consequently, those new products, both branded and unbranded, that represent a greater change in a person's consumption habits were viewed as superior when it came to satisfying the need for uniqueness. Therefore, to gain more rapid acceptance of a new product, marketers might consider appealing to a consumer's need for uniqueness.

Still further, consumer innovators also differ from noninnovators in terms of *social character.* Consumer innovators are *inner-directed;* that is, they rely on their own values or standards when making a decision about a new product. In contrast, noninnovators are *other-directed,* relying on others for guidance on how to respond to a new product rather than trusting their own personal values or standards. Thus, the initial purchasers of a new line of automobiles might be inner-directed, whereas the later purchasers of the same automobile might be other-directed. This suggests that as acceptance of a product progresses from early to later adopters, a gradual shift occurs in the personality type of adopters from inner-directedness to other-directedness.

There also appears to be a link between *optimum stimulation level* and consumer innovativeness. Specifically, individuals who seek a lifestyle rich with novel, complex, and unusual experiences (high optimum stimulation levels) are more willing to risk trying new products, to be innovative, to seek purchase-related information, and to accept new retail facilities.

Researchers have isolated a link between *variety seeking* and purchase behavior that provides insights into consumer innovators. Variety-seeking consumers tend to be brand switchers and purchasers of innovative products and services. They also possess the following innovator-related personality traits: They are open-minded (or low in dogmatism), extroverts, liberal, low in authoritarianism, able to deal with complex or ambiguous stimuli, and creative.[48]

To sum up, consumer innovators seem to be more receptive to the unfamiliar and the unique; they are more willing to rely on their own values or standards than on the judgment of others. They also are willing to run the risk of a poor product choice to increase their exposure to new products that will be satisfying. For the marketer, the personality traits that distinguish innovators from noninnovators suggest the need for separate promotional campaigns for innovators and for later adopters.

Perceived risk and venturesomeness

Perceived risk, which is discussed in detail in Chapter 6, is another measure of a consumer's likelihood to try new brands or products. Perceived risk is the degree of uncertainty or fear about the consequences of a purchase that a consumer feels when considering the purchase of a new product. For example, consumers experience uncertainty when they are

concerned that a new product will not work properly or as well as other alternatives. Research on perceived risk and the trial of new products overwhelmingly indicates that consumer innovators are low-risk perceivers; that is, they experience little fear of trying new products or services. Consumers who perceive little or no risk in the purchase of a new product are much more likely to make innovative purchases than consumers who perceive a great deal of risk. In other words, high-risk perception limits innovativeness.

Venturesomeness is a broad-based measure of a consumer's willingness to accept the risk of purchasing new products. Measures of venturesomeness have been used to evaluate a person's general values or attitudes toward trying new products. A typical measurement scale might include such items as:

- *I prefer to (try a shampoo when it first comes out) (wait and learn how good it is before trying it).*
- *When I am shopping and see a brand of coffee I know about but have never tried, I am (very anxious or willing to try it), (hesitant about trying it), (very unwilling to try it).*
- *I like to be among the first people to buy and use new products that are on the market (measured on a five-point "agreement" scale).*

Research that has examined venturesomeness has generally found that consumers who indicate a willingness to try new products tend to be consumer innovators (as measured by their actual purchase of new products). On the other hand, consumers who express a reluctance to try new products are, in fact, less likely to purchase new products. Therefore, venturesomeness seems to be an effective barometer of actual innovative behavior.

Purchase and consumption characteristics

Consumer innovators possess purchase and usage traits that set them apart from noninnovators. For example, consumer innovators are *less* brand loyal; that is, they are more apt to switch brands. This is not surprising, for brand loyalty would seriously impede a consumer's willingness to try new products.

Consumer innovators are more likely to be *deal prone* (to take advantage of special promotional offers such as free samples and cents-off coupons). They are also likely to be *heavy users* of the product category in which they innovate. Specifically, they purchase larger quantities and consume more of the product than noninnovators. Finally, for products like VCRs, PCs, microwave ovens, 35-mm cameras, and food processors, usage variety is likely to be a relevant dimension of new-product diffusion. An understanding of how consumers might be "usage innovators"—that is, finding or "inventing" new uses for an innovation—might create entirely new market opportunities for marketers' products. Still further, a recent study of Indian consumers' attitudes toward the purchase of new food products found that "intention to buy" was an accurate predictor of behavior for highly innovative consumers, but failed to predict purchase behavior for less innovative Indian consumers.[49] This suggests that more innovative consumers are more likely to act on their reported intentions to purchase than less innovative consumers with the same intention of purchase.

To sum up, a positive relationship exists between innovative behavior and heavy usage. Consumer innovators are not only an important market segment from the standpoint of being the first to use a new product, but they also represent a substantial market in terms of product volume. However, their propensity to switch brands or to use products in different or unique ways and their positive response to promotional deals also suggest that innovators will continue to use a specific brand only as long as they do not perceive that a new and potentially better alternative is available.

Media habits

Comparisons of the media habits of innovators and noninnovators across such widely diverse areas of consumption as fashion clothing and new automotive services suggest that innovators have somewhat greater total exposure to magazines than noninnovators, particularly to special-interest magazines devoted to the product category in which they

innovate. For example, fashion innovators are more likely to read magazines such as *Gentlemen's Quarterly* and *Vogue* than noninnovators; financial services innovators have greater exposure to such special-interest magazines as *Money* and *Financial World.*

Consumer innovators are also less likely to watch television than noninnovators. This view is consistently supported by research that over the past decade or so has compared the magazine and TV exposure levels of consumer innovators. The evidence indicates that consumer innovators have higher-than-average magazine exposure and lower-than-average TV exposure. It will be interesting, though, to observe over the next few years what the impact of the convergence of computers and television will be. Studies concerning the relationship between innovative behavior and exposure to other mass media, such as radio and newspapers, have been too few, and the results have been too varied to draw any useful conclusions.

Social characteristics

Consumer innovators are more socially accepted and socially involved than noninnovators. For example, innovators are more socially integrated into the community, better accepted by others, and more socially involved; that is, they belong to more social groups and organizations than noninnovators. This greater social acceptance and involvement of consumer innovators may help explain why they function as effective opinion leaders.

Demographic characteristics

It is reasonable to assume that the age of the consumer innovator is related to the specific product category in which he or she innovates; however, research suggests that consumer innovators tend to be younger than either late adopters or noninnovators. This is no doubt because many of the products selected for research attention (such as fashion, convenience grocery products, or new automobiles) are particularly attractive to younger consumers.

Consumer innovators have more formal education, have higher personal or family incomes, and are more likely to have higher occupational status (to be professionals or hold managerial positions) than late adopters or noninnovators. In other words, innovators tend to be more upscale than other consumer segments and can, therefore, better afford to make a mistake should the innovative new product or service being purchased prove to be unacceptable.

Table 15.15 summarizes the major differences between consumer innovators and late adopters or noninnovators. The table includes the major distinctions examined in our current presentation of the *consumer innovator profile.*

Are there generalized consumer innovators?

Do consumer innovators in one product category tend to be consumer innovators in other product categories? The answer to this strategically important question is a guarded "no." The overlap of innovativeness across product categories, like opinion leadership, seems to be limited to product categories that are closely related to the same basic interest area. Consumers who are innovators of one new food product or one new appliance are more likely to be innovators of other new products in the same general product category. In other words, although no single or generalized consumer-innovativeness trait seems to operate *across* broadly different product categories, evidence suggests that consumers who innovate *within* a specific product category will innovate again within the same product category. For example, up to the point of "innovator burnout" (i.e., "what I have is good enough"), a person who was an innovator in buying an early 2 megapixel digital camera in the 1990s was most likely again to be an innovator in buying a 3 megapixel digital camera, a 5 megapixel digital camera, and a 7 megapixel digital camera, and is likely again to be an innovator when it comes to the next generation of digital cameras. For the marketer, such a pattern suggests that it is generally a good marketing strategy to target a new product to consumers who were the first to try other products in the same basic product category.

TABLE 15.15 Comparative Profiles of the Consumer Innovator and the Noninnovator or Late Adopter

CHARACTERISTIC	INNOVATOR	NONINNOVATOR (OR LATE ADOPTER)
Product Interest	More	Less
Opinion Leadership	More	Less
Personality		
Dogmatism	Open-minded	Closed-minded
Need for uniqueness	Higher	Lower
Social character	Inner-directed	Other-directed
Optimum stimulation level	Higher	Lower
Variety seeking	Higher	Lower
Perceived risk	Less	More
Venturesomeness	More	Less
Purchase and Consumption Traits		
Brand loyalty	Less	More
Deal proneness	More	Less
Usage	More	Less
Media Habits		
Total magazine exposure	More	Less
Special-interest magazines	More	Less
Television	Less	More
Social Characteristics		
Social integration	More	Less
Social striving (e.g., social, physical, and occupational mobility)	More	Less
Group memberships	More	Less
Demographic Characteristics		
Age	Younger	Older
Income	Higher	Lower
Education	More	Less
Occupational status	Higher	Lower

Technology and innovators

In the realm of high-tech innovations, there is evidence suggesting that there is a generalized "high-tech" innovator—known as a "change leader."[50] Such individuals tend to embrace and popularize many of the innovations that are ultimately accepted by the mainstream population, such as computers, cellular telephones, and fax machines. They tend to have a wide range of personal and professional contacts representing different occupational and social groups; most often these contacts tend to be "weak ties" or acquaintances. Change leaders also appear to fall into one of two distinct groups: a *younger group* that can be characterized as being stimulation seeking, sociable, and having high levels of fashion awareness or a *middle-aged group* that is highly self-confident and has very high information-seeking needs.

Similar to change leaders, "technophiles" are individuals who purchase technologically advanced products soon after their market debut. Such individuals tend to be technically curious people. Also, another group responding to technology are adults who are categorized as "techthusiasts"—people who are most likely to purchase or subscribe to emerging products and services that are technologically oriented. These consumers are typically younger, better educated, and more affluent.[51]

Advancing our understanding of the relationship between technology and consumer innovation has been explored within the context of the technology acceptance model (TAM). Within the domain of work perceived usefulness or utilitarian aspect of a technology has been revealed to be most important; however, within consumer context of consumers' response to a new handheld Internet device, the most powerful determinant of attitudes toward usage was the "fun" of using the device—a hedonic aspect. The implication for marketers is clear—a consumer may purchase a new bit of technology more for the fun they can have with the device than for the ability it gives them to accomplish particular functions.[52]

Research conducted with over 500 adult Internet users found that purchasing online was positive related to technology-related innovativeness. Still further, the gathering of store or product information online was positively related to the number of years online and the weekly number of hours spent online.[53] Still further, when exploring the adoption of mobile gaming (games delivered via cell phone), a market that is expected to grow worldwide from $950 million in 2001 to $17.5 billion in 2006, researchers discovered important additions to the traditional list of product characteristics that influence the rate of adoption (e.g., relative advantage, complexity). What they perceived as risk were navigation (maneuvering ergonomics associated with the mobile device), critical mass (the more people that have adopted the innovation, the more attractive it is to others), and payment options (because of the expense of the mobile device, trialability is not an option). Perceived risk was found to play the most important role in the adoption process, followed by complexity and compatibility.[54]

SUMMARY

Opinion leadership is the process by which one person (the opinion leader) informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients. Opinion receivers perceive the opinion leader as a highly credible, objective source of product information who can help reduce their search time and perceived risk. Opinion leaders, in turn, are motivated to give information or advice to others, in part because doing so enhances their own status and self-image and because such advice tends to reduce any postpurchase dissonance that they may have. Other motives include product involvement, "other" involvement, and message involvement.

Market researchers identify opinion leaders by such methods as self-designation, key informants, the sociometric method, and the objective method. Studies of opinion leadership indicate that this phenomenon tends to be product specific; that is, individuals "specialize" in a product or product category in which they are highly interested. An opinion leader for one product category may be an opinion receiver for another.

Generally, opinion leaders are gregarious, self-confident, innovative people who like to talk. Additionally, they may feel differentiated from others and choose to act differently (or public individuation). They acquire information about their areas of interest through avid readership of special-interest magazines and by means of new-product trials. Their interests often overlap adjacent product areas; thus, their opinion leadership may extend into related areas. The market maven is an intense case of such a person. These consumers possess a wide range of information about many different types of products, retail outlets, and other dimensions of markets. They both initiate discussions with other consumers and respond to requests for market information over a wide range of products and services. Market mavens are also distinguishable from other opinion leaders, because their influence stems not so much from product experience but from a more general knowledge or market expertise that leads them to an early awareness of a wide array of new products and services.

The opinion leadership process usually takes place among friends, neighbors, and work associates who have frequent physical proximity and, thus, have ample opportunity to hold informal product-related conversations. These conversations usually occur naturally in the context of the product-category usage.

The two-step flow of communication theory highlights the role of interpersonal influence in the transmission of information from the mass media to the population at large. This theory provides the foundation for a revised multistep flow of communication model, which takes into account the fact that information and influence often are two-way processes and that opinion leaders both influence and are influenced by opinion receivers.

Marketers recognize the strategic value of segmenting their audiences into opinion leaders and opinion receivers for their product categories. When marketers can direct their promotional efforts to the more influential segments of their markets, these individuals will transmit this information to those who seek product advice. Marketers try to both simulate and stimulate opinion leadership. They have also found that they can create opinion leaders for their products by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category.

The diffusion process and the adoption process are two closely related concepts concerned with the acceptance of new products by consumers. The diffusion process is a macro process that focuses on the spread of an innovation (a new product, service, or idea) from its source to the consuming public. The adoption process is a micro process that examines the stages through which an individual consumer passes when making a decision to accept or reject a new product.

The definition of the term *innovation* can be firm oriented (new to the firm), product oriented (a continuous innovation, a dynamically continuous innovation, or a discontinuous innovation), market oriented (how long the product has been on the market or an arbitrary percentage of the potential target market that has purchased it), or consumer oriented (new to the consumer). Market-oriented definitions of innovation are most useful to consumer researchers in the study of the diffusion and adoption of new products.

Five product characteristics influence the consumer's acceptance of a new product: relative advantage, compatibility, complexity, trialability, and observability (or communicability).

Diffusion researchers are concerned with two aspects of communication—the channels through which word of a new product is spread to the consuming public and the types of messages that influence the adoption or rejection of new products. Diffusion is always examined in the context of a specific social system, such as a target market, a community, a region, or even a nation.

Time is an integral consideration in the diffusion process. Researchers are concerned with the amount of purchase time required for an individual consumer to adopt or reject a new product, with the rate of adoption, and with the identification of sequential adopters. The five adopter categories are innovators, early adopters, early majority, late majority, and laggards.

Marketing strategists try to control the rate of adoption through their new-product pricing policies. Marketers who wish to penetrate the market to achieve market leadership try to acquire wide adoption as quickly as possible by using low prices. Those who wish to recoup their developmental costs quickly use a skimming pricing policy but lengthen the adoption process.

The traditional adoption process model describes five stages through which an individual consumer passes to arrive at the decision to adopt or reject a new product: awareness, interest, evaluation, trial, and adoption. To make it more realistic, an enhanced model is suggested as one that considers the possibility of a preexisting need or problem, the likelihood that some form of evaluation might occur through the entire process, and that even after adoption there will be postadoption or purchase evaluation that might either strengthen the commitment or alternatively lead to discontinuation.

New-product marketers are vitally concerned with identifying the consumer innovator so that they may direct their promotional campaigns to the people who are most likely to try new products, adopt them, and influence others. Consumer research has identified a number of consumer-related characteristics, including product interest, opinion leadership, personality factors, purchase and consumption traits, media habits, social characteristics, and demographic variables that distinguish consumer innovators from later adopters. These serve as useful variables in the segmentation of markets for new-product introductions.

DISCUSSION QUESTIONS

1. a. Why is an opinion leader a more credible source of product information than an advertisement for the same product?
   b. Are there any circumstances in which information from advertisements is likely to be more influential than word-of-mouth?
2. Why would a consumer who has just purchased an expensive fax machine for home use attempt to influence the purchase behavior of others?
3. A company that owns and operates health clubs across the country is opening a health club in your town. The company has retained you as its marketing research consultant and has asked you to identify opinion leaders for its service. Which of the following identification methods would you recommend: the self-designating method, the sociometric method, the key informant method, or the objective method? Explain your selection. In your answer, be sure to discuss the advantages and

disadvantages of the four techniques as they relate to the marketing situation just described.

4. Do you have any "market mavens" among your friends? Describe their personality traits and behaviors. Describe a situation in which a market maven has given you advice regarding a product or service and discuss what you believe was his or her motivation for doing so.
5. Describe how a manufacturer might use knowledge of the following product characteristics to speed up the acceptance of pocket-sized cellular telephones:
   a. Relative advantage
   b. Compatibility
   c. Complexity
   d. Trialability
   e. Observability
6. Toshiba has introduced an ultra-slim laptop computer that weighs about two pounds, has a color screen, and has a powerful processor into which a full-size desktop screen and keyboard can be easily plugged. How can the company use the diffusion-of-innovations framework to develop promotional, pricing, and distribution strategies targeted to the following adopter categories?
   a. Innovators
   b. Early adopters
   c. Early majority
   d. Late majority
   e. Laggards
7. Is the curve that describes the sequence and proportion of adopter categories among the population (Figure 15.9) similar in shape to the product life cycle curve? Explain your answer. How would you use both curves to develop a marketing strategy?
8. Sony is introducing a 27-inch TV with a built-in VCR, a picture-in-picture feature, and a feature that allows the viewer to simultaneously view frozen frames of the last signals received from 12 channels.
   a. What recommendations would you make to Sony regarding the initial target market for the new TV model?
   b. How would you identify the innovators for this product?
   c. Select three characteristics of consumer innovators (as summarized in Table 15.15). Explain how Sony might use each of these characteristics to influence the adoption process and speed up the diffusion of the new product.
   d. Should Sony follow a penetration or a skimming policy in introducing the product? Why?

EXERCISES

1. Describe two situations in which you served as an opinion leader and two situations in which you sought consumption-related advice or information from an opinion leader. Indicate your relationship to the persons with whom you interacted. Are the circumstances during which you engaged in word-of-mouth communications consistent with those in the text's material? Explain.
2. a. Find ads that simulate and ads that stimulate opinion leadership and present them in class.
   b. Can you think of negative rumors that you have heard recently about a company or a product? If so, present them in class.
3. Identify a product, service, or style that recently was adopted by you or some of your friends. Identify what type of innovation it is and describe its diffusion process up to this point in time. What are the characteristics of people who adopted it first? What types of people did not adopt it? What features of the product, service, or style are likely to determine its eventual success or failure?
4. With the advancement of digital technology, some companies plan to introduce interactive TV systems that will allow viewers to select films from video libraries and view them on demand. Among people you know, identify two who are likely to be the innovators for such a new service and construct consumer profiles using the characteristics of consumer innovators discussed in the text.

KEY TERMS

- **adopter categories**
- **adoption process**
- **consumer innovators**
- **continuous innovation**
- **diffusion of innovations**
- **diffusion process**
- **discontinuous innovation**
- **dynamically continuous innovation**
- **innovation**

- market maven
- multistep flow of communication theory
- opinion leader
- opinion leadership
- opinion receiver
- opinion seekers
- stages in the adoption process
- two-step flow of communication theory

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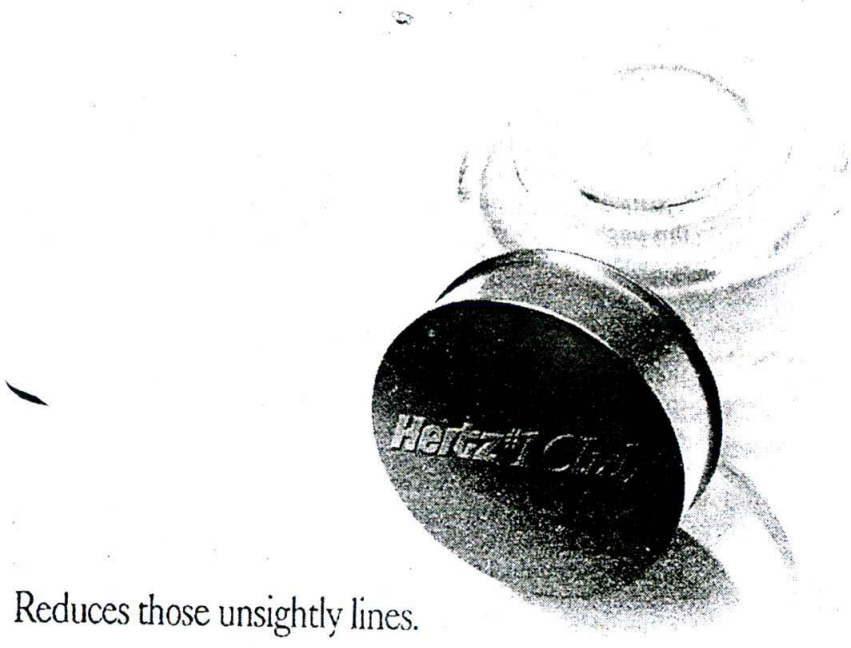
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chapter**sixteen**

Consumer Decision Making and Beyond

This chapter draws together many of the psychological, social, and cultural concepts developed throughout the book into an overview framework for understanding how consumers make decisions. Unlike the second part of Chapter 15, which examined the dynamics of *new*-product adoption, this chapter takes a broader perspective and examines **consumer decision making** in the context of all types of *consumption choices*, ranging from the consumption of new products to the use of old and established products. It also considers consumers' decisions not as the end point but rather as the beginning point of a **consumption process**.



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what is a decision?

Every day, each of us makes numerous decisions concerning every aspect of our daily lives. However, we generally make these decisions without stopping to think about how we make them and what is involved in the particular decision-making process itself. In the most general terms, a decision is the selection of an option from two or more alternative choices. In other words, for a person to make a decision, a choice of alternatives must be available. When a person has a choice between making a purchase and not making a purchase, a choice between brand X and brand Y, or a choice of spending time doing A or B, that person is in a position to make a decision. On the other hand, if the consumer has no alternatives from which to choose and is literally *forced* to make a particular purchase or take a particular action (e.g., use a prescribed medication), then this single "no-choice" instance does not constitute a decision; such a no-choice decision is commonly referred to as a "Hobson's choice."

In actuality, no-choice purchase or consumption situations are fairly rare. You may recall from our discussion of core American cultural values (Chapter 12) that for consumers, *freedom* is often expressed in terms of a wide range of product choices. Thus, if there is almost always a choice, then there is almost always an opportunity for consumers to make decisions. Moreover, experimental research reveals that providing consumers with a choice when there was originally none can be a very good business strategy, one that can substantially increase sales.[1] For instance, when a direct-mail electrical appliance catalog displayed two coffeemakers instead of just one (the original coffeemaker at $149 and a "new" only slightly larger one at $229), the addition of the second *comparison* coffeemaker seemed to stimulate consumer evaluation that significantly increased the sales of the original coffeemaker.

Table 16.1 summarizes various types of consumption and purchase-related decisions. Although not exhaustive, this list does serve to demonstrate that the scope of consumer decision making is far broader than the mere selection of one brand from a number of brands.

levels of consumer decision making

Not all consumer decision-making situations receive (or require) the same degree of information research. If all purchase decisions required extensive effort, then consumer decision making would be an exhausting process that left little time for anything else. On the other hand, if all purchases were routine, then they would tend to be monotonous and would provide little pleasure or novelty. On a continuum of effort ranging from very high to very low, we can distinguish three specific levels of consumer decision making: **extensive problem solving**, **limited problem solving**, and **routinized response behavior**.

Extensive problem solving

When consumers have no established criteria for evaluating a product category or specific brands in that category or have not narrowed the number of brands they will consider to a small, manageable subset, their decision-making efforts can be classified as *extensive problem solving*. At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge specific brands and a correspondingly large amount of information concerning each of the brands to be considered.

Limited problem solving

At this level of problem solving, consumers already have established the basic criteria for evaluating the product category and the various brands in the category. However, they have not fully established preferences concerning a select group of brands.

TABLE 16.1 Types of Purchase or Consumption Decisions

DECISION CATEGORY	ALTERNATIVE A	ALTERNATIVE B
Basic Purchase or Consumption Decision Brand Purchase or Consumption Decision	To purchase or consume a product (or service)	Not to purchase or consume a product (or service)
	To purchase or consume a specific brand	To purchase or consume another brand
	To purchase or consume one's usual brand	To purchase or consume another established brand (possibly with special features)
	To purchase or consume a basic model	To purchase or consume a luxury or status model
	To purchase or consume a new brand	To purchase or consume one's usual brand or some other established brand
	To purchase or consume a standard quantity	To purchase or consume more or less than a standard quantity
	To purchase or consume an on-sale brand	To purchase or consume a nonsale brand
	To purchase or consume a national brand	To purchase or consume a store brand
Channel Purchase Decisions	To purchase from a specific type of store (e.g., a department store)	To purchase from some other type of store (e.g., a discount store)
	To purchase from one's usual store	To purchase from some other store
	To purchase in-home (by phone or catalog or Internet)	To purchase in-store merchandise
	To purchase from a local store	To purchase from a store requiring some travel (outshopping)
Payment Purchase Decisions	To pay for the purchase with cash	To pay for the purchase with a credit card
	To pay the bill in full when it arrives	To pay for the purchase in installments

Their search for additional information is more like "fine-tuning"; they must gather additional brand information to discriminate among the various brands.

Routinized response behavior

At this level, consumers have experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering. In some situations, they may search for a small amount of additional information; in others, they simply review what they already know.

Just how extensive a consumer's problem-solving task is depends on how well established his or her criteria for selection are, how much information he or she has about each brand being considered, and how narrow the set of brands is from which the choice will be made. Clearly, extensive problem solving implies that the consumer must seek more information to make a choice, whereas routinized response behavior implies little need for additional information.

All decisions in our lives cannot be complex and require extensive research and consideration—we just cannot exert the level of effort required. Some decisions have to be "easy ones."

models of consumers: four views of consumer decision making

Before presenting an overview model of how consumers make decisions, we will consider several schools of thought that depict consumer decision making in distinctly different ways. The term *models of consumers* refers to a general view or perspective as to how (and why) individuals behave as they do. Specifically, we will examine models of consumers in terms of the following four views: (1) an *economic view*, (2) a *passive view*, (3) a *cognitive view*, and (4) an *emotional view*.

An economic view

In the field of theoretical economics, which portrays a world of perfect competition, the consumer has often been characterized as making rational decisions. This model, called the *economic man* theory, has been criticized by consumer researchers for a number of reasons. To behave rationally in the economic sense, a consumer would have to (1) be aware of all available product alternatives, (2) be capable of correctly ranking each alternative in terms of its benefits and disadvantages, and (3) be able to identify the one best alternative. Realistically, however, consumers rarely have all of the information or sufficiently accurate information or even an adequate degree of involvement or motivation to make the so-called "perfect" decision.

It has been argued that the classical economic model of an all-rational consumer is unrealistic for the following reasons: (a) People are limited by their existing skills, habits, and reflexes; (b) people are limited by their existing values and goals; and (c) people are limited by the extent of their knowledge.[2] Consumers operate in an imperfect world in which they do not maximize their decisions in terms of economic considerations, such as price–quantity relationships, marginal utility, or indifference curves. Indeed, the consumer generally is unwilling to engage in extensive decision-making activities and will settle, instead, for a "satisfactory" decision, one that is "good enough."[3] For this reason, the economic model is often rejected as too idealistic and simplistic. As an example, recent research has found that consumers' primary motivation for price haggling, which was long thought to be the desire to obtain a better price (i.e., better dollar value for the purchase), may instead be related to the need for achievement, affiliation, and dominance.[4]

A passive view

Quite opposite to the rational economic view of consumers is the *passive* view that depicts the consumer as basically submissive to the self-serving interests and promotional efforts of marketers. In the passive view, consumers are perceived as impulsive and irrational purchasers, ready to yield to the aims and into the arms of marketers. At least to some degree, the passive model of the consumer was subscribed to by the hard-driving supersalespeople of old, who were trained to regard the consumer as an object to be manipulated.

The principal limitation of the passive model is that it fails to recognize that the consumer plays an equal, if not dominant, role in many buying situations—sometimes by seeking information about product alternatives and selecting the product that appears to offer the greatest satisfaction and at other times by impulsively selecting a product that satisfies the mood or emotion of the moment. All that we have studied about motivation (see Chapter 4), selective perception (Chapter 6), learning (Chapter 7), attitudes (Chapter 8), communication (Chapter 9), and opinion leadership (Chapter 15) serves to support the proposition that consumers are rarely objects of manipulation. Therefore, this simple and single-minded view should also be rejected as unrealistic.

A cognitive view

The third model portrays the consumer as a *thinking problem solver*. Within this framework, consumers frequently are pictured as either receptive to or actively searching for products and services that fulfill their needs and enrich their lives. The cognitive model

focuses on the processes by which consumers seek and evaluate information about selected brands and retail outlets.

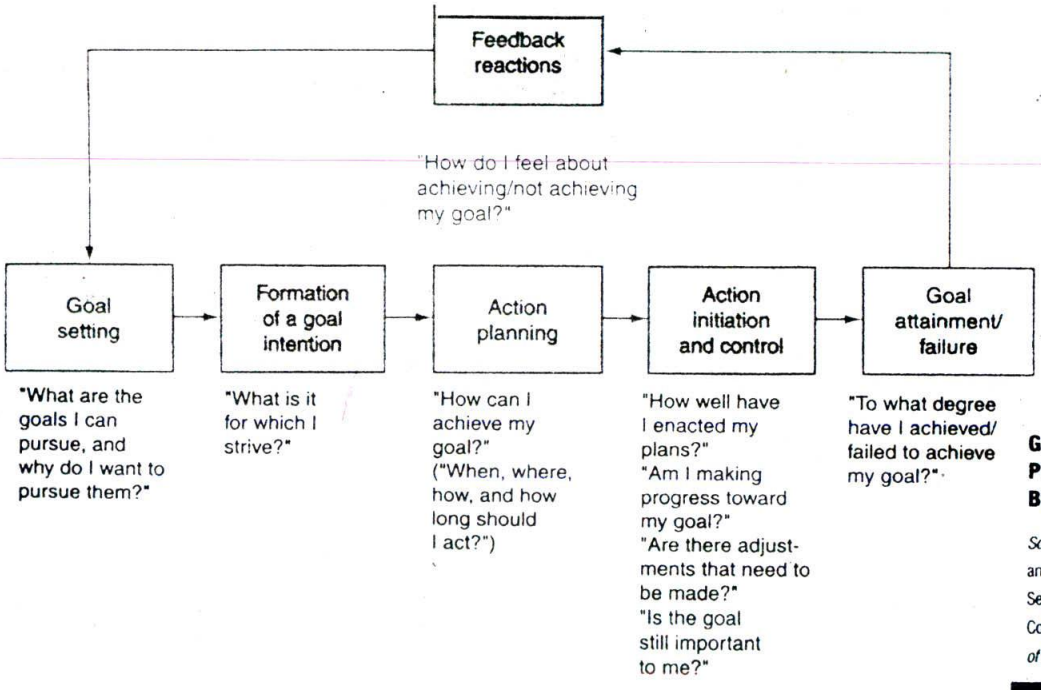
Within the context of the cognitive model, consumers are viewed as information processors. Information processing leads to the formation of preferences and, ultimately, to purchase intentions. The cognitive view also recognizes that the consumer is unlikely to even attempt to obtain all available information about every choice. Instead, consumers are likely to cease their information-seeking efforts when they perceive that they have sufficient information about some of the alternatives to make a "satisfactory" decision. As this information-processing viewpoint suggests, consumers often develop shortcut decision rules (called **heuristics**) to facilitate the decision-making process. They also use decision rules to cope with exposure to too much information (i.e., **information overload**).

The cognitive, or problem-solving, view describes a consumer who falls somewhere between the extremes of the economic and passive views, who does not (or cannot) have total knowledge about available product alternatives and, therefore, cannot make *perfect* decisions, but who nonetheless actively seeks information and attempts to make *satisfactory* decisions.

Consistent with the problem-solving view is the notion that a great deal of consumer behavior is goal directed. For example, a consumer might purchase a computer in order to manage finances or look for a laundry detergent that will be gentle on fabrics. Goal setting is especially important when it comes to the adoption of new products because the greater the degree of "newness," the more difficult it would be for the consumer to evaluate the product and relate it to his or her need (because of a lack of experience with the product). Figure 16.1 diagrams goal setting and goal pursuit in consumer behavior.

An emotional view

Although long aware of the *emotional* or *impulsive* model of consumer decision making, marketers frequently prefer to think of consumers in terms of either economic or passive models. In reality, however, each of us is likely to associate deep feelings or emotions.



Goal Setting and Goal Pursuit in Consumer Behavior

Source: Richard P. Bagozzi and Utpal Dholakia, "Goal Setting and Goal Striving in Consumer Behavior," *Journal of Marketing* 63 (1999): 21.

FIGURE 16.1

such as joy, fear, love, hope, sexuality, fantasy, and even a little "magic," with certain purchases or possessions. These feelings or emotions are likely to be highly involving. For instance, a person who misplaces a favorite fountain pen might go to great lengths to look for it, despite the fact that he or she has six others at hand.

Possessions also may serve to preserve a sense of the past and act as familiar transitional objects when one is confronted with an uncertain future. For example, members of the armed forces invariably carry photographs of "the girl (or guy) back home," their families, and their lives in earlier times. These memorabilia frequently serve as hopeful reminders that normal activities will someday resume.

If we were to reflect on the nature of our recent purchases, we might be surprised to realize just how impulsive some of them were. Rather than carefully searching, deliberating, and evaluating alternatives before buying, we are just as likely to have made many of these purchases on impulse, on a whim, or because we were emotionally driven.

When a consumer makes what is basically an emotional purchase decision, less emphasis is placed on the search for prepurchase information. Instead, more emphasis is placed on current mood and feelings ("Go for it!"). This is not to say that emotional decisions are not rational. As Chapter 4 pointed out, buying products that afford emotional satisfaction is a perfectly rational consumer decision. Some emotional decisions are expressions that "you deserve it" or "treat yourself." For instance, many consumers buy designer-label clothing, not because they look any better in it, but because status labels make them feel better. This is a rational decision. Of course, if a man with a wife and three children purchases a two-seater Porsche 911 Carrera (**www.porsche.com**) for himself, the neighbors might wonder about his level of rationality (although some might think it was deviously high). No such question would arise if the same man selected a box of Godiva chocolate (**www.godiva.com**), instead of a Whitman Sampler (**www.whitmans.com**), although in both instances, each might be an impulsive, emotional purchase decision.

Consumers' **moods** are also important to decision making. Mood can be defined as a "feeling state" or state of mind.[5] Unlike an emotion, which is a response to a particular environment, a mood is more typically an unfocused, preexisting state—already present at the time a consumer "experiences" an advertisement, a retail environment, a brand, or a product. Compared to emotions, moods are generally lower in intensity and longer lasting and are not as directly coupled with action tendencies and explicit actions as emotions.

Mood appears to be important to consumer decision making, because it impacts on *when* consumers shop, *where* they shop, and *whether* they shop alone or with others. It also is likely to influence *how* the consumer responds to actual shopping environments (i.e., at point of purchase). Some retailers attempt to create a mood for shoppers, even though shoppers enter the store with a preexisting mood. Research suggests that a store's image or atmosphere can affect shoppers' moods; in turn, shoppers' moods can influence how long they stay in the store, as well as other behavior that retailers wish to encourage.[6]

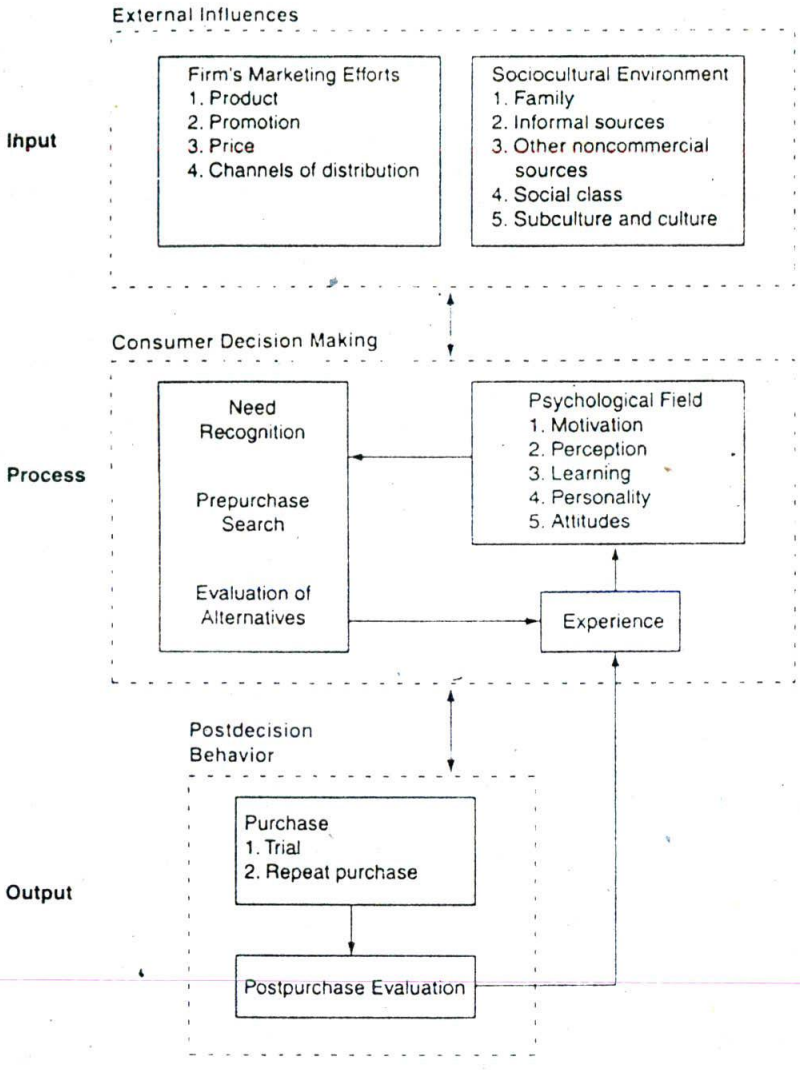
In general, individuals in a positive mood recall more information about a product than those in a negative mood. As the results of one study suggest, however, inducing a positive mood at the point-of-purchase decision (as through background music, point-of-purchase displays, etc.) is unlikely to have a meaningful impact on specific brand choice unless a previously stored brand evaluation already exists.[7]

a model of consumer decision making

This section presents an overview model of consumer decision making (briefly introduced in Chapter 1) that reflects the *cognitive* (or *problem-solving*) consumer and, to some degree, the *emotional consumer*. The model is designed to tie together many of the ideas on consumer decision making and consumption behavior discussed throughout the book. It does not presume to provide an exhaustive picture of the complexities of consumer decision making. Rather, it is designed to synthesize and coordinate relevant concepts into a significant whole. The model, presented in Figure 16.2, has three major components: input, process, and output.

FIGURE 16.2

A Simple Model of Consumer Decision Making



Input

The *input* component of our consumer decision-making model draws on external influences that serve as sources of information about a particular product and influence a consumer's product-related values, attitudes, and behavior. Chief among these input factors are the *marketing mix activities* of organizations that attempt to communicate the benefits of their products and services to potential consumers and the nonmarketing *sociocultural influences*, which, when internalized, affect the consumer's purchase decisions.

Marketing inputs

The firm's marketing activities are a direct attempt to reach, inform, and persuade consumers to buy and use its products. These inputs to the consumer's decision-making process take the form of specific marketing mix strategies that consist of the product itself (including its package, size, and guarantees); mass-media advertising, direct marketing, personal selling, and other promotional efforts; pricing policy; and the selection of distribution channels to move the product from the manufacturer to the consumer.

Ultimately, the impact of a firm's marketing efforts in large measure is governed by the consumer's perception of these efforts. Thus, marketers do well to remain diligently alert to consumer perceptions by sponsoring consumer research, rather than to rely on the *intended* impact of their marketing messages.

Sociocultural inputs

The second type of input, the *sociocultural environment*, also exerts a major influence on the consumer. Sociocultural inputs (examined in Part III) consist of a wide range of noncommercial influences. For example, the comments of a friend, an editorial in the newspaper, usage by a family member, an article in *Consumer Reports*, or the views of experienced consumers participating in a special-interest discussion group on the Internet are all noncommercial sources of information. The influences of social class, culture, and subculture, although less tangible, are important input factors that are internalized and affect how consumers evaluate and ultimately adopt (or reject) products. The unwritten codes of conduct communicated by culture subtly indicate which consumption behavior should be considered "right" or "wrong" at a particular point in time. For example, Japanese mothers maintain much more control over their children's consumption than American mothers, because in the United States children are socialized to be individualistic (*to stand out*), whereas in Japan children are socialized to be integrated with others (*to stand in*).

The cumulative impact of each firm's marketing efforts; the influence of family, friends, and neighbors; and society's existing code of behavior are all inputs that are likely to affect what consumers purchase and how they use what they buy. Because these influences may be directed to the individual or actively sought by the individual, a two-headed arrow is used to link the *input* and *process* segments of the model (Figure 16.2).

Process

The *process* component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influence of the psychological concepts examined in Part II. The *psychological field* represents the internal influences (motivation, perception, learning, personality, and attitudes) that affect consumers' decision-making processes (what they need or want, their awareness of various product choices, their information-gathering activities, and their evaluation of alternatives). As pictured in the *process* component of the overview decision model (Figure 16.2), the act of making a consumer decision consists of three stages: (1) **need recognition**, (2) **prepurchase search**, and (3) **evaluation of alternatives**.

Need recognition

The *recognition of a need* is likely to occur when a consumer is faced with a "problem." For example, consider the case of Eric, a 25-year-old college graduate working for an equity research firm in New York. He is totally computer literate, having had computers in the classroom since elementary school, and, like others his age, knows a great deal about other high-tech gadgets, such as MP3 players, HDTV, and cell phones. In fact, he recently purchased a thin 23-inch LCD HDTV for his bedroom, and exchanged his digital cable box, with a digital video recorder, for its HDTV equivalent. Eric frequently visits Web sites to find out about new state-of-the-art digital and electronic equipment, knows which Web sites offer reviews and comparisons of high-tech gear, and knows a number of Web sites where highly specialized e-tailers are offering state-of-the-art equipment. In the messenger bag, which he carries almost everywhere, is his Dell MP3 player (with hard drive), a USB flash drive, and, sometimes, his personal laptop computer. Interestingly, while in college he scheduled his life using his PDA, he no longer bothers to carry it around.

Eric often gets together with his friends for birthday parties, holiday parties, or just plain "let's meet at a restaurant for the evening," and he also likes to travel during his three weeks of annual vacation time. He has been taking photos for the past six or seven years with a small, 35mm zoom lens film camera that was a gift from his parents. Since he is part

of the "digital age," he would like to replace his film camera with an even smaller digital camera that, for the sake of convenience, can fit easily into his pants or jacket pocket.

Among consumers, there seem to be two different need or problem recognition styles. Some consumers are *actual state* types, who perceive that they have a problem when a product fails to perform satisfactorily (as a cordless telephone that develops constant static). In contrast, other consumers are *desired state* types, for whom the desire for something new may trigger the decision process.[8] Since Eric's current camera can do the job, he appears to be a desired state consumer.

Prepurchase search

Prepurchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. The recollection of past experiences (drawn from storage in long-term memory) might provide the consumer with adequate information to make the present choice. On the other hand, when the consumer has had no prior experience, he or she may have to engage in an extensive search of the outside environment for useful information on which to base a choice.

The consumer usually searches his or her memory (the *psychological field* depicted in the model) before seeking external sources of information regarding a given consumption-related need. Past experience is considered an internal source of information. The greater the relevant past experience, the less external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of past experience (internal sources) and marketing and noncommercial information (external sources). The degree of perceived risk can also influence this stage of the decision process (see Chapter 6). In high-risk situations, consumers are likely to engage in complex and extensive information search and evaluation; in low-risk situations, they are likely to use very simple or limited search and evaluation tactics.

The act of shopping is an important form of external information. According to a recent consumer study, there is a big difference between men and women in terms of their response to shopping. Whereas most men do not like to shop, most women claim to like the experience of shopping; and although the majority of women found shopping to be relaxing and enjoyable, the majority of men did not feel that way.[9]

An examination of the external search effort associated with the purchase of different product categories (TVs, VCRs, or personal computers) found that, as the amount of total search effort increased, consumer attitudes toward shopping became more positive, and more time was made available for shopping. Not surprisingly, the external search effort was greatest for consumers who had the least amount of product category knowledge.[10] It follows that the less consumers know about a product category and the more important the purchase is to them, the more time they will make available and the more extensive their prepurchase search activity is likely to be. Conversely, research studies have indicated that consumers high in subjective knowledge (a self-assessment of how much they know about the product category) rely more on their own evaluations than on dealer recommendations.

It is also important to point out that the Internet has had a great impact on prepurchase search. Rather than visiting a store to find out about a product or calling the manufacturer and asking for a brochure, manufacturers' Web sites can provide consumers with much of the information they need about the products and services they are considering. For example, many automobile Web sites provide product specifications, sticker prices and dealer cost information, reviews, and even comparisons with competing vehicles. Audi's Web site (**www.audiusa.com**), for example, lets you "build" your own car, and see how it would look, for example, in different colors. Some auto company Web sites will even list a particular auto dealer's new and used car inventory. And then there are Web sites such as The Fox Company (**www.thefoxcompany.net**) that allow women to customize any number of cosmetic and beauty care products, and My Tailor (**www.mytailor.com**) that lets men design their own clothing, such as dress shirts.

With respect to surfing the Internet for information, consider one consumer's comments drawn from a recent research study: "I like to use the Web because it's so easy to find information, and it's really easy to use. The information is at my finger-tips and

I don't have to search books in libraries."[11] However, a Roper Starch Survey found that an average user searching the Internet gets frustrated in about 12 minutes, on average, and new research findings suggest that although the Internet may reduce physical effort, "the cognitive challenge of interacting with computers and online information limits consumer information search in the Web-based marketspace."[12]

How much information a consumer will gather also depends on various situational factors. Getting back to Eric, while he works long hours in Manhattan, he is willing to spend time researching his desired purchase. He starts by sitting at his office desk with his office computer connected to the firm's network broadband connection. He visits the Web sites of digital camera manufacturers such as Nikon (**www.nikonusa.com**), Canon (**www.canonusa.com**), Sony (**www.sony.com**), Pentax (**www.pentaximaging.com**), and Hewlett Packard (**www.hp.com**), as well as e-tailer Web sites like Amazon (**www.amazon.com**) and Newegg (**www.newegg.com**), to see which brands and models of digital cameras are small and lightweight. Still further, he visits the Web sites of two major New York City camera stores—B&H (**www.bhphotovideo.com**) and Adorama (**www.adorama.com**). He finds several small lightweight digital cameras that seem like possibilities.

Eric also talks to some of his friends and coworkers who are even more into digital cameras than he is. One suggests that he try to find product reviews of any camera that he considers to be a possibility on such Web sites as as CNET (**www.cnet.com**), Digital Photograph Review (**www.dpreview.com**), Digital Camera Resource (**www.dcresource.com**), and Steve's Digicams (**www.steves-digicams.com**).

As Table 16.2 indicates, a number of factors are likely to increase consumers' prepurchase search. For some products and services, the consumer may have ongoing experience on which to draw (such as a skier purchasing a "better" pair of skis), or the purchase may essentially be discretionary in nature (rather than a necessity), so there is no rush to make a decision. In the case of Eric, our equity researcher, while there is no particular need to rush into the purchase of the digital camera, he would like to have it in a month, when he is planning to take a week's vacation.

Let's consider several of the prepurchase search alternatives open to a digital camera buyer. At the most fundamental level, search alternatives can be classified as either personal or impersonal. *Personal* search alternatives include more than a consumer's past experience with the product or service. They also include asking for information and advice from friends, relatives, coworkers, and sales representatives. For instance, Eric spoke with a few friends and coworkers and asked them what they know about digital cameras. Eric also investigated whether photography magazines, such as *Popular Photography*, or computer magazines, such as *Computer Shopper*, might have rated the various brands or models of digital cameras. Table 16.3 presents some of the sources of information that Eric might use as part of his prepurchase search. Any or all of these sources might be used as part of a consumer's search process.

Evaluation of alternatives

When evaluating potential alternatives, consumers tend to use two types of information: (1) a "list" of brands (or models) from which they plan to make their selection (the evoked set) and (2) the criteria they will use to evaluate each brand (or model). Making a selection from a *sample* of all possible brands (or models) is a human characteristic that helps simplify the decision-making process.

Evoked Set Within the context of consumer decision making, the **evoked set** refers to the specific brands (or models) a consumer considers in making a purchase within a particular product category. (The evoked set is also called the *consideration set*.) A consumer's evoked set is distinguished from his or her **inept set**, which consists of brands (or models) the consumer excludes from purchase consideration because they are felt to be unacceptable (or they are seen as "inferior"), and from the **inert set**, which consists of brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. Regardless of the total number of brands (or models) in a

TABLE 16.2 Factors That Are Likely to Increase Prepurchase Search

Product Factors

Long interpurchase time (a long-lasting or infrequently used product)
Frequent changes in product styling
Frequent price changes
Volume purchasing (large number of units)
High price
Many alternative brands
Much variation in features

Situational Factors

EXPERIENCE

First-time purchase
No past experience because the product is new
Unsatisfactory past experience within the product category

SOCIAL ACCEPTABILITY

The purchase is for a gift
The product is socially visible

VALUE-RELATED CONSIDERATIONS

Purchase is discretionary rather than necessary
All alternatives have both desirable and undesirable consequences
Family members disagree on product requirements or evaluation of alternatives
Product usage deviates from important reference groups
The purchase involves ecological considerations
Many sources of conflicting information

Product Factors

DEMOGRAPHIC CHARACTERISTICS OF CONSUMER

Well educated
High income
White-collar occupation
Under 35 years of age

PERSONALITY

Low dogmatic
Low-risk perceiver (broad categorizer)
Other personal factors such as high product involvement and enjoyment of shopping and search

product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands (or models).

The evoked set consists of the small number of brands the consumer is familiar with, remembers, and finds acceptable. Figure 16.3 depicts the evoked set as a subset of all available brands in a product category. As the figure indicates, it is essential that a product be part of a consumer's evoked set if it is to be considered at all. The five terminal positions in the model that do not end in purchase would appear to have perceptual problems. For example, (1) brands (or models) may be *unknown* because of the consumer's selective

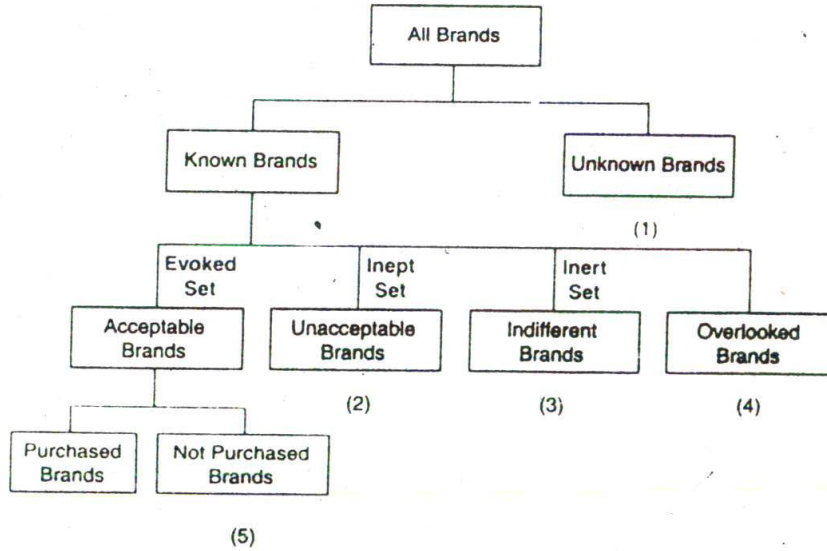
TABLE 16.3 Alternative Prepurchase Information Sources for an Ultralight Laptop

PERSONAL	IMPERSONAL
Friends	Newspaper articles
Neighbors	Magazine articles
Relatives	*Consumer Reports*
Coworkers	Direct-mail brochures
Computer salespeople	Information from prod
	Internal Web sites

exposure to advertising media and selective perception of advertising stimuli; (2) brands (or models) may be *unacceptable* because of poor qualities or attributes or inappropriate positioning in either advertising or product characteristics; (3) brands (or models) may be perceived as not having any special benefits and are regarded *indifferently* by the consumer; (4) brands (or models) may be *overlooked* because they have not been clearly positioned or sharply targeted at the consumer market segment under study; and (5) brands (or models) may not be selected because they are perceived by consumers as *unable to satisfy* perceived needs as fully as the brand that is chosen.

In each of these instances, the implication for marketers is that promotional techniques should be designed to impart a more favorable, perhaps more relevant, product image to the target consumer. This may also require a change in product features or attributes (more or better features). An alternative strategy is to invite consumers in a particular target segment to consider a specific offering and possibly put it in their evoked set.

Research also suggests that the use of white space and choice of typeface in advertisements may influence the consumer's image of the product. For example, quality, prestige, trust, attitude toward the brand, and purchase intention have been shown to be positively conveyed by white space, and typefaces that were perceived as being attractive, warm, and liked when they were simple, more natural, and include a typefont with serifs.[13]



The Evoked Set as a Subset of All Brands in a Product Class

FIGURE 16.3

It has also been suggested that consumers may not, all at once, reduce down the number of possible choices into their evoked set, but instead may make several decisions within a single decision process. These screening decisions, or decision waves, are used to eliminate unsuitable alternatives before gathering information or comparing options, and help reduce decision complexity to a more manageable level.[14]

Criteria Used for Evaluating Brands The criteria consumers use to evaluate the alternative products that constitute their evoked sets usually are expressed in terms of important product attributes. Examples of product attributes that consumers have used as criteria in evaluating nine product categories are listed in Table 16.4.

When a company knows that consumers will be evaluating alternatives, it sometimes advertises in a way that recommends the criteria that consumers should use in assessing product or service options.

We have probably all had the experience of comparing or evaluating different brands or models of a product and finding the one that just feels, looks, and/or performs "right." Interestingly, research shows that when consumers discuss such "right products," there is little or no mention of price; brand names are not often uppermost in consumers' minds; items often reflect personality characteristics or childhood experiences; and it is often "love at first sight." In one study, the products claimed to "just feel right" included Big Bertha golf clubs, old leather briefcases, Post-it notes, and the Honda Accord.[15] And, a product's country of origin can also play a role in how a consumer evaluates a brand (see Chapter 14).

Research has explored the role of brand credibility (which consists of trustworthiness and expertise) on brand choice, and has found that brand credibility improves the chances that a brand will be included in the consideration set. Three factors that impact

TABLE 16.4 Possible Product Attributes Used as Purchase Criteria for Nine Product Categories

PERSONAL COMPUTERS	CD PLAYERS	WRISTWATCHES
Processing speed	Mega bass	Watchband
Price	Electronic shock protection	Alarm feature
Type of display	Length of play on batteries	Price
Hard-disk size	Random play feature	Water resistant
Amount of memory	Water resistant	Quartz movement
Laptop or desktop		Size of dial
VCRS	**COLOR TVS**	**FROZEN DINNERS**
Ease of programming	Picture quality	Taste
Number of heads	Length of warranty	Type of main course
Number of tape speeds	Cable ready	Type of side dishes
Slow-motion feature	Price	Price
Automatic tracking	Size of screen	Preparation requirements
35MM CAMERAS	**FOUNTAIN PENS**	**COLOR INKJET PRINTERS**
Autofocus	Balance	Output speed
Built-in flash	Price	Number of ink colors
Automatic film loading	Gold nib	Resolution (DPI)
Lens type	Smoothness	Length of warranty
Size and weight	Ink reserve	USB capability

a brand's credibility are: the perceived quality of the brand, the perceived risk associated with the brand, and the information costs saved with that brand (due to the time and effort saved by not having to shop around).[16] Still further, the study indicates that trustworthiness is more important than expertise when it comes to making a choice.

Let's return for a moment to Eric and his search for a small, lightweight digital camera. As part of his search process, he has acquired information about a number of relevant issues (or attributes) that could influence his final choice. For example, Eric has learned that the overall size of a digital camera is very much a function of the features that it contains, such as whether or not the camera has a viewfinder, how powerful its flash is, whether it offers manual control of functions such as shutter speed and aperture, and the size of its camera back LCD screen. Still further, Eric realizes that the higher the megapixel count of the pictures the camera takes, the higher the camera's price is going to be (i.e., a 5 megapixel digital camera can typically take photos that can be enlarged to 8 × 10 inches and still be sharp, while a 3 megapixel camera's photos may not appear sharp when enlarged bigger than 5 × 7 inches). He reasoned that for the types of photos that he takes (he gets 4 × 6-inch prints and on rare occasions makes a 5 × 7-inch enlargement), 5 megapixels is plenty.

As part of his search process, Eric has also acquired information about other relevant issues (or attributes) that could influence his final choice (see Table 16.5). For example, he has learned that some digital camera zoom lenses have less of a zoom range than others, and that all LCD screens are not equally sharp because some have only half or two-thirds the number of pixels of others (the greater the number of pixels, the sharper the image on the camera-back LCD screen).

On the basis of his information search, Eric realizes that he is going to have to make a decision regarding what he really wants from this new digital camera. Does he want just a digital version of his current 35mm point-and-shoot camera, or is he willing to sacrifice some features for a camera that is substantially smaller and lighter? He comes to realize that he always has his current camera set to "auto" when he takes pictures, and

TABLE 16.5 Comparison of Selected Characteristics of Digital Cameras

FEATURE	NIKON	CANON	PENTAX
Megapixels	5.1	5.0	5.0
Weight (ozs.)	4.2	4.6	3.7
Dimensions	3.5×2.3×0.8	3.4×2×0.8	3.3×2×0.8
Lens focal length (35mm equivalent)	35–105	35–105	36–107
Viewfinder	No	Yes	Yes
LCD screen size	2.5 inches	2 inches	1.8 inches
LCD resolution	110,000 pixels	118,000 pixels	85,000 pixels
Media	SD card	SD card	SD card
Manual control	Program auto	Program & exposure compensation	Program & exposure compensation
Battery/Charger	Proprietary battery, camera charges on proprietary cradle	Proprietary battery, small plug-in charger	Proprietary battery, camera charges on proprietary cradle
Price	$340	$345	$330

Source: Information from B&H catalog (Summer 2005) and manufacturers' Web sites.

that the only features he really wants, in addition to small size, is autofocus (which all the digital cameras he's investigated have) and a zoom lens. Thus, Eric realizes that he is willing to give up some functionality (such as manual control of shutter speed) in exchange for reduced size and weight.

Consumer Decision Rules Consumer decision rules, often referred to as *heuristics*, *decision strategies*, and *information-processing strategies*, are procedures used by consumers to facilitate brand (or other consumption-related) choices. These rules reduce the burden of making complex decisions by providing guidelines or routines that make the process less taxing.

Consumer decision rules have been broadly classified into two major categories: **compensatory** and **noncompensatory decision rules**. In following a compensatory decision rule, a consumer evaluates brand or model options in terms of each relevant attribute and computes a weighted or summated score for each brand. The computed score reflects the brand's relative merit as a potential purchase choice. The assumption is that the consumer will select the brand that scores highest among the alternatives evaluated. Referring to Table 16.6, it is clear that when using a compensatory decision rule, the Canon digital camera scores highest.

A unique feature of a compensatory decision rule is that it allows a positive evaluation of a brand on one attribute to balance out a negative evaluation on some other attribute. For example, a positive assessment of the energy savings made possible by a particular brand or type of lightbulb may offset an unacceptable assessment in terms of the bulb's diminished light output.

In contrast, noncompensatory decision rules do not allow consumers to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attribute. For instance, in the case of an energy-saving lightbulb, the product's negative (unacceptable) rating on its light output would not be offset by a positive evaluation of its energy savings. Instead, this particular lightbulb would be disqualified from further consideration. If Eric's choice of a digital camera was based on the desire to have a built-in viewfinder, rather than just an LCD screen on the camera's back (refer again to Table 16.5), a noncompensatory decision rule would have eliminated the Nikon.

Three noncompensatory rules are considered briefly here: the *conjunctive* rule, the *disjunctive* rule, and the *lexicographic* rule.

In following a **conjunctive decision rule**, the consumer establishes a separate, minimally acceptable level as a cutoff point for each attribute. If any particular brand or

TABLE 16.6 Hypothetical Ratings for Digital Cameras

FEATURE	NIKON	CANON	PENTAX
MegaPixels	9	9	9
Weight	7	6	8
Dimensions	6	8	8
Lens focal length	9	9	9
Viewfinder	4	8	8
LCD screen size	9	8	6
LCD resolution	8	9	5
Media	9	9	9
Manual Control	5	9	9
Battery/Charger	5	9	5
Price	8	8	8
Total	79	92	84

model falls below the cutoff point on any one attribute, the option is eliminated from further consideration. Because the conjunctive rule can result in several acceptable alternatives, it becomes necessary in such cases for the consumer to apply an additional decision rule to arrive at a final selection, for example, to accept the first satisfactory brand. The conjunctive rule is particularly useful in quickly reducing the number of alternatives to be considered. The consumer can then apply another more refined decision rule to arrive at a final choice.

The **disjunctive rule** is the "mirror image" of the conjunctive rule. In applying this decision rule, the consumer establishes a separate, minimally acceptable cutoff level for each attribute (which may be higher than the one normally established for a conjunctive rule). In this case, if an option meets or exceeds the cutoff established for any one attribute, it is accepted. Here again, a number of brands (or models) might exceed the cutoff point, producing a situation in which another decision rule is required. When this occurs, the consumer may accept the first satisfactory alternative as the final choice or apply another decision rule that is perhaps more suitable.

In following a **lexicographic decision rule**, the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. If one option scores sufficiently high on this top-ranked attribute (regardless of the score on any of the other attributes), it is selected and the process ends. When there are two or more surviving alternatives, the process is repeated with the second highest-ranked attribute (and so on), until reaching the point that one of the options is selected because it exceeds the others on a particular attribute.

With the lexicographic rule, the highest-ranked attribute (the one applied first) may reveal something about the individual's basic consumer (or shopping) orientation. For instance, a "buy the best" rule might indicate that the consumer is *quality oriented*; a "buy the most prestigious brand" rule might indicate that the consumer is *status oriented*; a "buy the least expensive" rule might reveal that the consumer is *economy minded*.

A variety of decision rules appear quite commonplace. According to a consumer survey, 9 out of 10 shoppers who go to the store for frequently purchased items possess a specific shopping strategy for saving money. The consumer segment and the specific shopping rules that these segments employ are:[17]

1. *Practical loyalists—those who look for ways to save on the brands and products they would buy anyway.*
2. *Bottom-line price shoppers—those who buy the lowest-priced item with little or no regard for brand.*
3. *Opportunistic switchers—those who use coupons or sales to decide among brands and products that fall within their evoked set.*
4. *Deal hunters—those who look for the best bargain and are not brand loyal.*

We have considered only the most basic of an almost infinite number of consumer decision rules. Most of the decision rules described here can be combined to form new variations, such as conjunctive-compensatory, conjunctive-disjunctive, and disjunctive-conjunctive rules. It is likely that for many purchase decisions, consumers maintain in long-term memory overall evaluations of the brands in their evoked sets. This would make assessment by individual attributes unnecessary. Instead, the consumer would simply select the brand with the highest perceived overall rating. This type of synthesized decision rule is known as the **affect referral decision rule** and may represent the simplest of all rules.

Table 16.7 summarizes the essence of many of the decision rules considered in this chapter in terms of the kind of mental statements that Eric might make in selecting a digital camera.

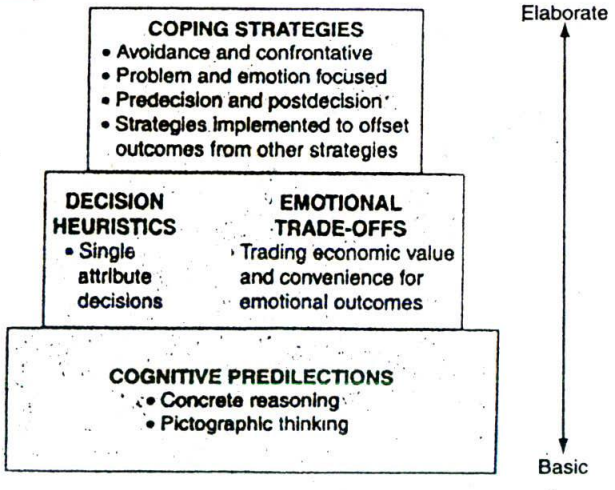
How Do Functionally Illiterate Consumers Decide? The National Adult Literacy Survey found that a bit more than 20 percent of American consumers did not possess the

TABLE 16.7 Hypothetical Use of Popular Decision Rules in Making a Decision to Purchase a Digital Camera

DECISION RULE	MENTAL STATEMENT
Compensatory rule	"I selected the digital camera that came out best when I balanced the good ratings against the bad ratings."
Conjunctive rule	"I selected the digital camera that had no bad features."
Disjunctive rule	"I picked the digital camera that excelled in at least one attribute."
Lexicographic rule	"I looked at the feature that was most important to me and chose the camera that ranked highest on that attribute."
Affect referral rule	"I bought the brand with the highest overall rating."

rudimentary skills in language and arithmetic needed for the typical retail environment, and that perhaps as much as half of all U.S. consumers lack the skills needed to master specific aspects of shopping, such as sales agreements and credit applications. Furthermore, despite the fact that functionally illiterate consumers have only 40 percent as much purchasing power as their literate counterparts, they may spend as much as $380 billion annually.[18]

Research has found that functionally illiterate consumers do make decisions differently, in terms of cognitive predilections, decision rules and trade-offs, and coping behaviors (see Figure 16.4). For example, they use concrete reasoning and noncompensatory decision rules, meaning that they base the purchase decision on a single piece of information, without regard to other product attributes (e.g., "I just look at the tag and see what's cheapest. I don't look by their sizes"). Such consumers, if confronted with two boxes of a product at the same price, would tend to purchase the one in the physically larger box, even if the label on the smaller sized package indicated a higher weight or greater volume. And through what might be referred to as "sight reading," they recognize brand logos the same way they might recognize people in a photograph. In fact, functionally illiterate consumers treat all words and numbers as pictorial elements. They also become anxious when shopping in a new store (they prefer to shop in the same store, especially if they have



The Decision Process for Functionally Illiterate Consumers

Source: Madhubalan Viswanathan, José Antonio Rosa, and James Edwin Harris, "Decision Making and Coping of Functionally Illiterate Consumers and Some Implications for Marketing Management," *Journal of Marketing* 69 (January 2005): 19.

FIGURE 16.4

established a rapport with a friendly and helpful employee), and often give all their money to the cashier expecting him/her to return the proper change.[19] Table 16.8 presents the coping strategies used by functionally illiterate consumers. Note how such consumers avoid purchasing unknown brands and try to carry limited amounts of cash to the store.

Going Online to Secure Assistance in Decision Making For the past several years researchers have been examining how the Internet has impacted the way consumers make decisions. It is often hypothesized that because consumers have limited information-processing capacity, they must develop a choice strategy based on both individual factors

TABLE 16.8 Coping Strategies of Functionally Illiterate Consumers

COPING STRATEGIES	CLASSIFICATIONS
AVOIDANCE	
Shop at the same store: avoids stress of unfamiliar environment	Problem focused: shops effectively Predecision: habitual choice about store helps with choices about products
Shop at smaller stores: avoids cognitive demands from product variety	Emotion focused: reduces stress Predecision: requires advance planning
Single-attribute decisions: avoids stressful and complex product comparisons	Problem focused: makes decisions manageable Emotion focused: preserves image of competence Predecision: requires advance planning
Avoid percentage- and fraction-off discounted items: avoids difficult numerical tasks	Emotion focused: reduces stress Problem focused: less chance of mistakes Predecision: implements habitually
Buy only known brands (loyalty): avoids risks from unknown brands	Problem focused: facilitates shopping Predecision: implements habitually
Rationalize outcomes to shift responsibility: avoids responsibility for outcomes	Emotion focused: protects self esteem Postdecision: implements after outcome is clear
Carry limited amounts of cash: avoids risks of overspending and being cheated	Problem focused: controls transactions Predecision: requires advance planning
Buy small amounts more often: avoids risk of large scale cheating	Problem focused: controls transactions Predecision: requires advance planning
Pretend disability: avoids revealing deficiencies and embarrassment	Problem focused: obtains assistance Emotion focused: preserves public image Predecision: requires advance planning
Pretend to evaluate products and prices: avoids revealing deficiencies indirectly	Emotion focused: preserves public image Predecision: requires advance planning
CONFRONTATIVE	
Shop with family members and friends: enables others to know deficiencies	Problem focused: helps shop on a budget Predecision: involves advance planning
Establish relationships with store personnel: enables others to know deficiencies	Emotion focused: avoids embarrassment and stress Predecision: Involves advance planning

(Continued)

TABLE 16.8 Continued

Seek help in the store: enables others to know deficiencies	Problem focused: facilitates final decision Predecision: leads to a purchase decision
Give all money in pockets to cashier: admits deficiencies, plays on honesty standards	Problem focused: avoids not being able to count Predecision: implements habitually
Buy one item at a time: addresses the problem of loss of control when turning over cash	Problem focused: controls pace of transactions and flow of funds Predecision: requires advance planning
Confront store personnel and demand different treatment: focuses on responses and behaviors of others	Emotion focused: seeks to minimize or eliminate embarrassment and to preserve or restore public image Postdecision: implements in response to others
Plan expenditures with assistance from others: enables others to know deficiencies	Problem focused: facilitates a budget Predecision: involves advance planning

Source: Madhubalan Viswanathan, José Antonio Rosa, and James Edwin Harris, "Decision Making and Coping of Functionally Illiterate Consumers and Some Implications for Marketing Management," *Journal of Marketing* 69 (January 2005): 25.

(e.g., knowledge, personality traits, demographics) and contextual factors (characteristics of the decision tasks). The three major contextual factors that have been researched are *task complexity* (number of alternatives and amount of information available for each alternative), *information organization* (presentation, format, and content), and *time constraint* (more or less time to decide).[20] Table 16.9 compares these contextual factors for both the electronic and traditional environments.

A reason to go online is that a number of Web sites allow a consumer to build his or her own anything. For example, you can order M&Ms imprinted with your own message at **www.shop.mms.com/custom**, or order personalized shower gels and hand soaps at **www.samsoap.com**. About 75 percent of Mini Cooper purchasers pour through 70 options to design their vehicles online.[21]

Lifestyles as a Consumer Decision Strategy An individual's or family's decisions to be committed to a particular lifestyle (e.g., devoted followers of a particular religion) impacts on a wide range of specific everyday consumer behavior. For instance, the Trends Research Institute has identified "voluntary simplicity" as one of the top 10 lifestyle trends.[22] Researchers there estimate that 15 percent of all "boomers" seek a simpler lifestyle with reduced emphasis on ownership and possessions. Voluntary simplifiers are making do with less clothing and fewer credit cards (with no outstanding balances) and moving to smaller, yet still adequate, homes or apartments in less populated communities. Most importantly, it is not that these consumers can no longer afford their affluence or "lifestyle of abundance"; rather, they are seeking new, "reduced," less extravagant lifestyles. As part of this new lifestyle commitment, some individuals are seeking less stressful and lower-salary careers or jobs. In a telephone survey, for example, 33 percent of those contacted claimed that they would be willing to take a 20 percent pay cut in return for working fewer hours.[23] Time pressure may also play a role in the consumer's decision process, as research has positively associated this factor with both sale proneness (i.e., respond positively to cents-off coupons or special offers) and display proneness (e.g., respond positively to in-store displays offering a special price).[24]

As another lifestyle issue, consider the humongous success of the Apple iPod. Especially among teenagers and young adults, the iPod is overwhelmingly the portable music player of choice. While some might argue that the introduction of the iPod Shuffle

TABLE 16.9 Comparison of Electronic and Traditional Information Environment

		ELECTRONIC ENVIRONMENT: CONSUMERS USE BOTH "HEADS" AND COMPUTERS TO MAKE DECISIONS. THE TOTAL CAPACITY IS EXTENDED.	TRADITIONAL ENVIRONMENT: CONSUMERS USE "HEADS" TO MAKE DECISIONS. THEIR COGNITIVE CAPACITY IS FIXED.
ASSUMPTION			
Contextual Factors	Task Complexity	More alternatives and more information for each alternative are available.	Information is scattered and information search is costly.
	Information Organization	Information is more accessible. Information presentation format is flexible. It can be reorganized and controlled by consumers. Product utilities can be calculated by computers without consumers' direct examination of the attributes.	Information presentation format and organization are fixed. They can only be "edited" by consumers manually (e.g., using pencil and paper).
	Time Constraint	Time is saved by using computers to execute the decision rules; extra time is needed to learn how to use the application.	Complex choice strategies require more time to formulate and execute.

Source: Lan Xia, "Consumer Choice Strategies and Choice Confidence in the Electronic Environment," *American Marketing Association Conference Proceedings*, American Marketing Association, 10, 1999, 272.

(starting at $99) cheapens the product's image, it could also be a way for Apple to offer a product that allows more modest income parents to placate their teenagers. One industry analyst has commented that "The cachet is not in the price, it's in the brand. iPod is an affordable luxury item, and they're simply bringing it to another level of buyers. People who want an iPod will forgo buying an MP3 player at all saying 'If I buy, I will buy an iPod.' "[25]

Incomplete Information and Noncomparable Alternatives In many choice situations, consumers face incomplete information on which to base decisions and must use alternative strategies to cope with the missing elements. Missing information may result from advertisements or packaging that mentions only certain attributes, the consumer's own imperfect memory of attributes for nonpresent alternatives, or because some attributes are experiential and can only be evaluated after product use. There are at least four alternative strategies that consumers can adopt for coping with missing information:[26]

1. *Consumers may delay the decision until missing information is obtained.*
2. *Consumers may ignore missing information and decide to continue with the current decision rule (e.g., compensatory or noncompensatory), using the available attribute information.*

3. *Consumers may change the customarily used decision strategy to one that better accommodates missing information.*
4. *Consumers may infer ("construct") the missing information.*

In discussing consumer decision rules, we have assumed that a choice is made from among the brands (or models) evaluated. Of course, a consumer also may conclude that none of the alternatives offers sufficient benefits to warrant purchase. If this were to occur with a necessity, such as a home water heater, the consumer would probably either lower his or her expectations and settle for the best of the available alternatives or seek information about additional brands, hoping to find one that more closely meets predetermined criteria. On the other hand, if the purchase is more discretionary (a second or third NFL team jersey), the consumer probably would postpone the purchase. In this case, information gained from the search up to that point would be transferred to long-term storage (in the psychological field) and retrieved and reintroduced as input if and when the consumer regains interest in making such a purchase.

In Apply Decision Rules It should be noted that, in applying decision rules, consumers may at times attempt to compare dissimilar (noncomparable) alternatives. For example, a consumer may be undecided about whether to buy a new computer system or a new set of golf clubs, because the individual can afford one or the other but not both. Another example: A consumer may try to decide between buying a new overcoat or a new raincoat. When there is great dissimilarity in the alternative ways of allocating available funds, consumers abstract the products to a level in which comparisons are possible. In the foregoing examples, a consumer might weigh the alternatives (golf clubs versus PC or overcoat versus raincoat) in terms of which alternative would offer more pleasure or which, if either, is more of a "necessity."

A Series of Decisions Although we have discussed the purchase decision as if it were a single decision, in reality, a purchase can involve a number of decisions. For example, when purchasing an automobile, consumers are involved in multiple decisions such as choosing the make or country of origin of the car (foreign versus domestic), the dealer, the financing, and particular options. In the case of a replacement automobile, these decisions must be preceded by a decision as to whether or not to trade in one's current car.

Decision Rules and Marketing Strategy An understanding of which decision rules consumers apply in selecting a particular product or service is useful to marketers concerned with formulating a promotional program. A marketer familiar with the prevailing decision rule can prepare a promotional message in a format that would facilitate consumer information processing. The promotional message might even suggest how potential consumers should make a decision. For instance, a direct-mail piece for a desktop computer might tell potential consumers "what to look for in a new PC." This mail piece might specifically ask consumers to consider the attributes of hard disk size, amount of memory, processor speed, monitor size and maximum resolution, video card memory, and CD burner speed.

Output

The output portion of the consumer decision-making model concerns two closely associated kinds of postdecision activity: **purchase behavior** and **postpurchase evaluation**. The objective of both activities is to increase the consumer's satisfaction with his or her purchase.

Purchase behavior

Consumers make three types of purchases: *trial purchases*, *repeat purchases*, and *long-term commitment purchases*. When a consumer purchases a product (or brand) for the first time and buys a smaller quantity than usual, this purchase would be considered a trial. Thus, a trial is the exploratory phase of purchase behavior in which consumers

attempt to evaluate a product through direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase smaller trial quantities than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and/or sale prices.

When a new brand in an established product category (toothpaste, chewing gum, or cola) is found by trial to be more satisfactory or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior is closely related to the concept of *brand loyalty*, which most firms try to encourage because it contributes to greater stability in the marketplace (see Chapter 7). Unlike trial, in which the consumer uses the product on a small scale and without any commitment, a repeat purchase usually signifies that the product meets with the consumer's approval and that he or she is willing to use it again and in larger quantities.

Trial, of course, is not always feasible. For example, with most durable goods (refrigerators, washing machines, or electric ranges), a consumer usually moves directly from evaluation to a long-term commitment (through purchase) without the opportunity for an actual trial. While purchasers of the new Volkswagen Beetle were awaiting delivery of their just-purchased cars, they were kept "warm" by being sent a mailing that included a psychographic tool called "Total Visual Imagery" that was personalized to the point that it showed them the precise model and color they had ordered.[27]

Consider Eric and his decision concerning the selection of a digital camera. Since he lives and works in Manhattan, it was easy for him to visit several of the large camera stores. His first stop was Adorama, where all three of the cameras he was considering were on display. He was able to hold each one, play with all of the camera controls, and, since the store keeps batteries in its demo models, Eric was able to take pictures with each one. The salesperson was neutral in his opinion, feeling that all three cameras were essentially equivalent, and all took excellent pictures. A few days later, Eric stopped at B&H on his way home from the office. Again, he was able to handle all three cameras and take pictures with them. It seemed to him that the Canon felt better in his hands than the other two, and the controls seemed to fall right where he placed his fingers when holding the camera (a positive). Also, the Canon had an optical finder, which was the way Eric was used to taking pictures.

Next, Eric again went to the Internet. He had been told by a coworker that there were many digital camera discussion groups on the Internet, and that many of them were camera-model specific. So he spent one evening in his apartment reading owner/user comments on the forums of Digital Photography Review and Digital Camera Resource. He learned what some owners liked and disliked about each of the three cameras that he was considering. He also learned that the capacity of the memory cards packaged with each camera were too small to be of any use, and that along with purchasing a memory card with greater capacity he should also purchase a spare battery for whichever camera he bought. He also posted a message on the dpreview.com forum, asking which of the three cameras might be best for him, and within a day he had received five responses. The general sense was that all three cameras were excellent, but that the Canon, with its new, improved Digic II image processor, might be the best of the three because it would have the least amount of shutter lag (the hesitation of the camera between the time the shutter release is pressed and the camera actually takes the picture).

Eric is now convinced that the Canon is the digital camera he should purchase. It has a viewfinder, which is a feature that he likes and is used to, it is small and light in weight, and he considers its appearance to be very stylish. Also, he feels that he will have no difficulty carrying the camera by slipping it into his pants or jacket pocket. So he checks the prices for this camera both at the New York City retailers that he visited, and at several e-tailers. He finds that the lowest price for the camera is at Amazon.com, which includes free shipping, and he orders it. He had been told by friends that he can use any brand of SD memory card in the camera, and that rather than pay a lot of money for the genuine Canon battery (in order to have a spare), he should go online where he should be able to find a spare battery at less than half the cost of the genuine one. Eric goes to several e-tailer Web sites, and is able to find a 512MB SD card for $25

(after rebate), and a spare battery for $13—he orders both. Within the next week, UPS delivers his new Canon digital camera, as well as his SD memory card and spare battery.

Postpurchase evaluation

As consumers use a product, particularly during a trial purchase, they evaluate its performance in light of their own expectations. There are three possible outcomes of these evaluations: (1) actual performance matches expectations, leading to a neutral feeling; (2) performance exceeds expectations, causing what is known as *positive disconfirmation of expectations* (which leads to satisfaction); and (3) performance is below expectations, causing *negative disconfirmation of expectations* and dissatisfaction. For each of these three outcomes, consumers' expectations and satisfaction are closely linked; that is, consumers tend to judge their experience against their expectations when performing a postpurchase evaluation.

An important component of postpurchase evaluation is the reduction of any uncertainty or doubt that the consumer might have had about the selection. As part of their postpurchase analyses, consumers try to reassure themselves that their choice was a wise one; that is, they attempt to reduce *postpurchase cognitive dissonance*. As Chapter 8 indicated, they do this by adopting one of the following strategies: They may rationalize the decision as being wise; they may seek advertisements that support their choice and avoid those of competitive brands; they may attempt to persuade friends or neighbors to buy the same brand (and, thus, confirm their own choice); or they may turn to other satisfied owners for reassurance.

The degree of postpurchase analysis that consumers undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, they probably will buy it again. When the product's performance is disappointing or does not meet expectations, however, they will search for more suitable alternatives. Thus, the consumer's postpurchase evaluation "feeds back" as *experience* to the consumer's psychological field and serves to influence future related decisions. Although it would be logical to assume that customer satisfaction is related to customer retention (i.e., if a consumer is satisfied with his Nautica jacket, he will buy other Nautica products), a recent study found no direct relationship between satisfaction and retention. The findings show that customer retention may be more a matter of the brand's reputation—especially for products consumers find difficult to evaluate.[28]

What was Eric's postpurchase evaluation of his new digital camera? He absolutely loves it! First of all, because it is so small in size, he can carry it in his pants pocket anywhere he goes, and therefore is always ready to take pictures, which is something he very much enjoys doing. His 256MB secure digital card allows him to take about 200 photos before filling up, even using the camera's "best picture" setting. After coming back from a friend's party, where he took about 25 pictures, he quickly transferred the photos from his camera to his laptop (using the software and cord supplied with the camera), easily cropped a few of the photos and eliminated "red eye" in others, and then uploaded the 15 photos he really liked to the CVS Drugstore Web site. The next day, after work, he stopped by his local CVS store (located less than a block from his apartment) and picked up 4 × 6-inch reprints of his digital photos. He was absolutely thrilled with how sharp and colorful his pictures were, and couldn't wait to share these photos with his friends.

consumer gifting behavior

In terms of both dollars spent each year and how they make givers and receivers feel, gifts are a particularly interesting part of consumer behavior. Products and services chosen as gifts represent more than ordinary "everyday" purchases. Because of their symbolic meaning, they are associated with such important events as Mother's Day, births and birthdays, engagements, weddings, graduations, and many other accomplishments and milestones.

Gifting behavior can be thought of as the *gift exchange* that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily ("Just

TABLE 16.10 Five Giver-Receiver Gifting Subdivisions

GIVERS	RECEIVERS "OTHER" INDIVIDUAL	RECEIVERS "OTHER" GROUP	SELF*
Individual	Interpersonal gifting	Intercategory gifting	Intrapersonal gifting
Group	Intercategory gifting	Intergroup gifting	Intragroup gifting

* This "SELF" is either singular self ("me") or plural ("us").

Source: Based on Deborah Y. Cohn and Leon G. Schiffman, "Gifting: A Taxonomy of Private Realm Giver and Recipient Relationships," Working Paper, City University of New York, Baruch College, 1996. 2–7.

to let you know I'm thinking of you"), as well as gifts that are an obligation ("I had to get him a gift").[29] It includes gifts given to (and received from) others and gifts to oneself, or **self-gifts**. Indeed, although 96 percent of Americans purchased at least one "gift" last year, the majority of products that we refer to as "gifts" are self-purchased (i.e., they are self-gifts).[30] Furthermore, gift purchases represent 10 percent of all retail purchases in North America, and over $100 billion is spent annually on gifts in the United States.[31]

Still further, gifting is an act of symbolic communication, with explicit and implicit meanings ranging from congratulations, love, and regret to obligation and dominance. The nature of the relationship between gift giver and gift receiver is an important consideration in choosing a gift. Indeed, gifting often impacts the relationship between the giver and the recipient.[32] Table 16.10 presents an enumeration of the relationships between various combinations of gift givers and gift receivers in the consumer gifting process. The model reveals the following five gifting subdivisions: (1) intergroup gifting, (2) intercategory gifting, (3) intragroup gifting, (4) interpersonal gifting, and (5) intrapersonal gifting.

Intergroup gifting behavior occurs whenever one group exchanges gifts with another group (such as one family and another). You will recall from Chapter 10 that the process and outcome of family decision making is different from individual decision making. Similarly, gifts given to families will be different than those given to individual family members. For example, a "common" wedding gift for a bride *and* a groom may include products for setting up a household rather than a gift that would personally be used by either the bride or the groom. When it comes to *intercategory gifting*, either an individual is giving a gift to a group (a single friend is giving a couple an anniversary gift) or a group is giving an individual a gift (friends chip in and give another friend a joint birthday gift). The gift selection strategies "buy for joint recipients" or "buy with someone" (creating intercategory gifting) are especially useful when it comes to a difficult recipient situation (when "nothing seems to satisfy her"). These strategies can also be applied to reduce some of the time pressure associated with shopping for the great number of gifts exchanged during the American Christmas season gift-giving ritual. For example, a consumer may choose to purchase five intercategory gifts for five aunt and uncle pairs (intercategory gifting), instead of buying 10 personal gifts for five aunts and five uncles (interpersonal gifting). In this way, less time, money, and effort may be expended.

An *intragroup gift* can be characterized by the sentiment "we gave this to ourselves"; that is, a group gives a gift to itself or its members. For example, a dual-income couple may find that their demanding work schedules limit leisure time spent together as husband and wife. Therefore, an anniversary gift ("to us") of a cruise to Bermuda would be an example of an intragroup gift. It would also remedy the couple's problem of not spending enough time together. In contrast, *interpersonal gifting* occurs between just two individuals, a gift giver and gift receiver. By their very nature, interpersonal gifts are "intimate" because they provide an opportunity for a gift giver to reveal what he or she thinks of the gift receiver. Successful gifts are those that communicate that the giver knows and understands the receiver and their relationship. For example, a pair of cufflinks given to a friend in just the right shape and size can be viewed as "she really knows me." In contrast, a toaster oven given as a Valentine's Day gift, when the recipient is expecting a more "intimate" gift, can

mean the deterioration of a relationship. Still further, researchers who have explored the gender of gift givers and their feelings about same-sex gifting (female to female or male to male) and opposite-sex gifting (male to female or female to male) have found that both male and female gift givers feel more comfortable in giving gifts to the same sex; however, they also reported that they felt more intense feeling with respect to gifts given to members of the opposite sex.[33] Additionally, although females get more pleasure than males from giving gifts and generally play the dominant role in gift exchanges, both sexes are strongly motivated by feelings of obligation. Still further, everyone knows that selecting and giving a gift can be the cause of "gifting anxiety" (which is related to social anxiety) on the part of the givers, the recipients, and the gifting situations themselves. Knowledge of such gender differences are useful for marketers to know because it implies that additional support might be appreciated at the point of purchase (while in a store) when a consumer is considering a gift for an opposite-sex recipient.

A recent study of gifts purchased online found that the variety-seeking trait (see Chapter 5) extends to gifting, as subjects with this trait considered a wider range of product categories when buying gifts for others.[34] Table 16.11 presents a picture of the dynamics of the gift continuum in Hong Kong. Note how a number of issues associated with the gift, such as risk, emotional expectations, and the "why," vary across the four categories of gifts. For example, a gift given to a "romantic other" involves a high emotional expectation, but one given to a friend has a low emotional expectation.[35]

One study examined mothers giving gifts to their children (*interpersonal gifting*) across three different cultures: (1) Anglo-Celtic (mothers born in Australia), (2) Sino-Vietnamese

TABLE 16.11 The Dynamics of a Gift Continuum in Hong Kong

WHO	ROMANTIC OTHER	CLOSE FRIENDS	JUST FRIENDS	HI/BYE FRIENDS
Chinese Terminology	*Sui láih maht*	*Yihhei*	*Renqing*	*Guanxi*
When (examples)	(1) Birthday Gift (2) Special Occasions (e.g., Valentine's Day) (3) Spontaneous (e.g., small gifts) (4) Formal/Ceremonial (e.g., Mid-Autumn Festival)	(1) Birthday Gift (2) Special Occasions (e.g., leaving on a trip) (3) Spontaneous (e.g., special awards) (4) Formal/Ceremonial (e.g., New Year)	(1) Birthday Gift (2) Maintenance Gift (e.g., souvenir from a trip)	(1) Birthday Gift
Type of Gift	Expressive	Expressive	Expressive/Instrumental	Instrumental
Emotional Expectations	High	High	Medium	Low
Selection Criteria	Inexpensive (early) Expensive (later) No Gift (family)	Mostly Expensive	Somewhat Expensive	Inexpensive
Effort in Selection	Match Needs (e.g., jewelry)	Match Needs (e.g., desired clothing)	Typical Gift (e.g., having meal)	Typical Gift (e.g., birthday card)
Token Gift (Interim)	Often	Often	Occasionally	Occasionally
Why	Win Hearts	Care	Care/Build Network	Build Network
Face	Social (early) Moral (later)	Moral	Mostly Social	Social
Risks	Guilt/Shame	Guilt/Shame	Loss of Face	Loss of Face

Source: Annamma Joy, "Gift Giving in Hong Kong and the Continuum of Social Ties," *Journal of Consumer Research* 28 (September 2001): 244. Reprinted by permission of the publisher.

(mothers born in Vietnam), and (3) Israeli (mothers born in Israel).[36] Whereas in all three of these cultures the mother plays a central role in family gift giving, Table 16.12 presents the major differences among these groups. For instance, when it comes to gift giving, Anglo-Celtic mothers were found to be motivated to select status or prestige gifts, whereas Sino-Vietnamese mothers were likely to pick practical gifts, and Israeli mothers tended to select gifts that they felt would be important to the recipient. Examine the table for other differences.

Intrapersonal gifting, or a self-gift (also called "monadic giving"), occurs when the giver and the receiver are the same individual. To some extent a self-gift is a "state of mind." If a consumer sees a purchase as the "buying of something I need," then it is simply a purchase.

TABLE 16.12 Major Differences between Gift-Giving Behavior of Anglo-Celtic, Sino-Vietnamese, and Israeli Mothers

GIFT-GIVING ELEMENTS	ANGLO-CELTIC MOTHERS	SINO-VIETNAMESE MOTHERS	ISRAELI MOTHERS
1. Motivation			
Justification	Short-term goals	Long-term goals	Long-term/ short-term goals
Significance	Prestige gifts Birthday gifts	Practical gifts Lucky money	Importance to recipient
Timing	Special occasions (e.g., birthdays, Christmas)	Chinese New Year and academic reward	Birthdays and general needs
2. Selection			
Involvement	High priority Social and psychological risks	Low priority Financial risks	Low priority
Family Influences	Children	Mother	Mother dominant with younger children and influenced by older children
Promotional Influences	Status symbols	Sale items	Sale items
Gift Attributes	Quality	Price	Price
	Money unsuitable	Money suitable	Money suitable
3. Presentation			
Presentation Messages	Immediate self-gratification	Delayed self-gratification	Immediate self-gratification
Allocation Messages	Multiple gifts	Single gifts	Single gifts
	Mothers favored	Eldest child favored	
Understanding of Messages	Always	Not always	Never
4. Reaction			
Achievement	Often	Most of the time	Never
Feedback	More expressive	Less expressive	Least expressive
Usage	Often private	Often shared	Never shared

Source: Constance Hill and Celia T. Romm, "The Role of Mothers as Gift Givers: A Comparison Across Three Cultures," in *Advances in Consumer Research*, 23, ed. Kim P. Corfman and John G. Lynch, Jr. (Provo, UT: Association for Consumer Research, 1996), 26. Reprinted by permission.

TABLE 16.13 Reported Circumstances and Motivations for Self-Gift Behavior

CIRCUMSTANCES	MOTIVATIONS
Personal accomplishment	To reward oneself
Feeling down	To be nice to oneself
Holiday	To cheer oneself up
Feeling stressed	To fulfill a need
Have some extra money	To celebrate
Need	To relieve stress
Had not bought for self in a while	To maintain a good feeling
Attainment of a desired goal	To provide an incentive toward a goal
Others	Others

Source: David Glen Mick and Mitchelle DeMoss, "To Me from Me: A Descriptive Phenomenology of Self-Gifts," in *Advances in Consumer Research*, 23, Marvin E. Goldberg, Gerald Gorn, and Richard W. Pollay, ed. (Provo, UT: Association for Consumer Research, 1990), 677–682. Reprinted by permission.

On the other hand, if the same consumer sees the same purchase as a "self-gift," then it is something special, with special meaning. Consumers may treat themselves to self-gifts that are products (clothing, compact disks, or jewelry), services (hair styling, restaurant meals, spa membership), or experiences (socializing with friends). For example, while purchasing holiday gifts for others, some consumers find themselves in stores that they might not otherwise visit or find themselves looking at merchandise (such as a scarf) that they want but would not ordinarily buy. Such intrapersonal gifts have their own special range of meaning and context. Table 16.13 illustrates specific circumstances and motivations that might lead a consumer to engage in self-gift behavior.

Finally, Table 16.14 summarizes the five gifting behavior subdivisions explored earlier.

TABLE 16.14 Gifting Relationship Categories: Definitions and Examples

GIFTING RELATIONSHIP	DEFINITION	EXAMPLE
Intergroup	A group giving a gift to another group	A Christmas gift from one family to another family
Intercategory	An individual giving a gift to a group or a group giving a gift to an individual	A group of friends chips in to buy a new mother a baby gift
Intragroup	A group giving a gift to itself or its members	A family buys a VCR for itself as a Christmas gift
Interpersonal	An individual giving a gift to another individual	Valentine's Day chocolates presented from a boyfriend to a girlfriend
Intrapersonal	Self-gift	A woman buys herself jewelry to cheer herself up

Source: Adapted from Deborah Y. Cohn and Leon G. Schiffman, "Gifting: A Taxonomy of Private Realm Giver and Recipient Relationships," Working Paper, City University of New York, Baruch College, 1996, 2.

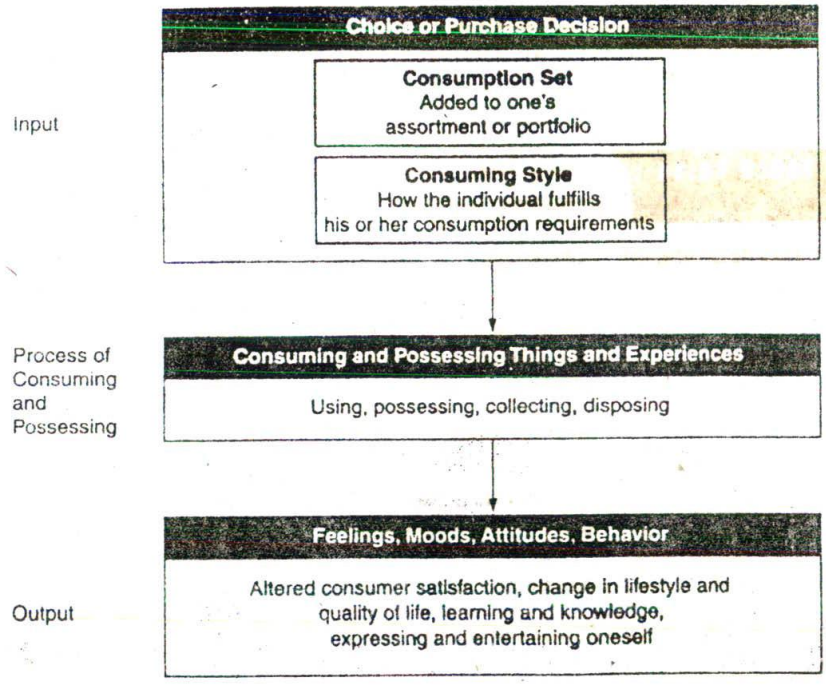
beyond the decision: consuming and possessing

Historically, the emphasis in consumer behavior studies has been on product, service, and brand choice decisions. As shown throughout this book, however, there are many more facets to consumer behavior. The experience of using products and services, as well as the sense of pleasure derived from *possessing, collecting*, or *consuming* "things" and "experiences" (mechanical watches, old fountain pens, or a baseball card collection) contributes to consumer satisfaction and overall quality of life. These consumption outcomes or experiences, in turn, affect consumers' future decision processes.

Thus, given the importance of possessions and experiences, a broader perspective of consumer behavior might view consumer choices as the beginning of a **consumption process**, not merely the end of a consumer decision-making effort. In this context, the choice or purchase decision is an *input* into a process of consumption. The input stage includes the establishment of a *consumption set* (an assortment or portfolio of products and their attributes) and a *consuming style* (the "rules" by which the individual or household fulfills consumption requirements). The *process* stage of a simple model of consumption might include (from the consumer's perspective) the *using, possessing* (or having), *collecting,* and *disposing* of things and experiences. The output stage of this process would include changes in a wide range of feelings, moods, attitudes, and behavior, as well as reinforcement (positive or negative) of a particular lifestyle (e.g., a devotion to physical fitness), enhancement of a sense of self, and the level of consumer satisfaction and quality of life.[37] Figure 16.5 presents a simple *model of consumption* that reflects the ideas discussed here and throughout the book.

Products have special meanings and memories

Consuming is a diverse and complex concept. It includes the simple utility derived from the continued use of a superior toothpaste, the stress reduction of an island



A Simple Model of Consumption

FIGURE 16.5

holiday, the stored memories of a DVD reflecting one's childhood, the "sacred" meaning or "magic" of a grandparent's wristwatch, the symbol of membership gained from wearing a school tie, the pleasure and sense of accomplishment that comes from building a model airplane, and the fun and even financial rewards that come from collecting almost anything (even jokers from decks of cards). In fact, one man's hobby of collecting old earthenware drain tiles has become the Mike Weaver Drain Tile Museum.[38] There are special possessions that consumers resist replacing, even with an exact replica, because the replica cannot possibly hold the same meaning as the original. Such possessions are often tied, in the consumer's mind, to a specific physical time or person.

Consider the male love affair with cars, which can manifest itself in many ways. Clearly, some men identify themselves with the automobiles that they own—it becomes an extension of the self, and some men personalize their vehicles in order to bond more fully with them (e.g., special paint color, custom wheels). Some individuals even take on the characteristics of their vehicles, with a powerful engine giving the owner a sense of greater power, and high performance handling providing the man with the notion that he is similarly capable of high performance. Some even feel that the "right" car will make them irresistible to women. Cars can also sometimes serve as children, lovers, and friends (e.g., "It's kind of like my baby—I wouldn't sell the car to just anyone—they must take care of the car or it would be like child abuse"), and some men attribute certain personality characteristics to their vehicles, call it a "she."[39] In a similar vein, a recent study of male motorcycle owners found that the type of "love" these bikers expressed toward their motorcycles was similar to interpersonal love—it is passionate, possessive, and selfless in nature.

Some possessions serve to assist consumers in their effort to create "personal meaning" and to maintain a sense of the past. To this end, it has been suggested that nostalgia permits people to maintain their identity after some major change in their life. This nostalgia can be based on family and friends; on objects such as toys, books, jewelry, and cars; or on special events, such as graduations, weddings, and holidays.[40] Providing the triple benefits of a sense of nostalgia, the fun of collecting, and the attraction of a potential return on investment, there is a strong interest in collecting Barbie® dolls. It is estimated that there are currently more than 100,000 Barbie doll collectors, who are dedicated to hunting down rare and valuable Barbie dolls to add to their collections.

And it appears that you're never too young to start collecting, as evidenced by the following story about a child who started collecting at the age of 2:

> *Cars have always interested Kevin LaLuzerne, a fifth-grader at Oakhurst Elementary in Largo. He has boxes and boxes of Hot Wheels, Micro Machines and other cars—more than 600! He started collecting them when he was just 2, and he still enjoys seeing all of the different cars and trucks he has collected over the years. He even has a "Weinermobile," the Oscar Meyer hot dog car. Kevin's newest addition to his collection is a limited-edition Chevron car that has a cartoon mouth, eyes and ears.*[41]

There is even a Web site devoted to kids who collect, which includes "An A to Z Guide to What Kids Can Collect" (**www.countrycollector.com/kids.html**).

At the other end of the age continuum, older consumers are often faced with the issue of how they should dispose of such special possessions. Indeed, in the past several years, a number of researchers have examined this subject area. Sometimes it is some precipitating event, such as the death of a spouse, illness, or moving out of one's home (to a nursing home or retirement community), that gets the consumer thinking about the disposition of his or her possessions. Often the older person wants to pass a family legacy on to a child, ensure a good home for a cherished collection, and/or influence the lives of others. The aim is not to "sell" the items, because they could do that themselves.

relationship marketing

Many firms have established **relationship marketing** programs (sometimes called *loyalty programs*) to foster usage loyalty and a commitment to their company's products and services. Relationship marketing is exceedingly logical when we realize credit card research has shown that "75 percent of college students keep their first card for 15 years, and 60 percent keep that card for life."[42] This kind of loyalty is enhanced by relationship marketing, which at its heart is all about building *trust* (between the firm and its customers) and keeping *promises* ("making promises," "enabling promises," and "keeping promises" on the part of the firm and, possibly, on the part of the customer).[43]

Indeed, it is the aim of relationship marketing to create strong, lasting relationships with a core group of customers. The emphasis is on developing long-term bonds with customers by making them feel good about how the company interacts (or does business) with them and by giving them some kind of personal connection to the business (see Figure 16.6). A review of the composition of 66 consumer relationship marketing programs revealed three elements shared by more than 50 percent of the programs. They are (1) fostering ongoing communication with customers (73 percent of the programs); (2) furnishing loyalty by building in extras like upgrades and other perks (68 percent of the programs); and (3) stimulating a sense of belonging by providing a "club membership" format (50 percent of the programs).[44] A real relationship marketing program is more than the use of database marketing tactics to better target customers—the consumer must feel that he or she has received something for being a participant in the relationship. In a positive vein, businesses have been finding that the Internet is an inexpensive, efficient, and more productive way to extend customer services. This has resulted in "permission marketing." It is the "art of asking consumers if they would like to receive a targeted e-mail ad, promotion, or message *before* it appears in their in-box." The opposite tact, sending a consumer spam and offering the option to "Click here to opt out," annoys consumers and is not permission marketing.[45]

Although direct marketing, sales promotion, and general advertising may be used as part of a relationship marketing strategy, relationship marketing stresses long-term commitment to the individual customer. Advances in technology (such as UPC scanning equipment, and relational databases) have provided techniques that make tracking customers simpler, thus influencing the trend toward relationship marketing. Indeed, Wal-Mart's database is second in size only to the database of the U.S. government.[46] Still further, a recent study suggests that relationship marketing programs are more likely to succeed if the product or service is one that buyers consider to be high involvement due to its association with financial, social, or physical risk.[47]

Relationship marketing programs have been used in a wide variety of product and service categories. Many companies call their relationship programs a club, and some even charge a fee to join. Membership in a club may serve as a means to convey to customers the notions of permanence and exclusivity inherent in a committed relationship. Additionally, those firms that charge a fee (such as the American Express Platinum card) increase customers' investment in the relationship that may, in turn, lead to greater commitment to the relationship and increased usage loyalty.

Airlines and major hotel chains, in particular, use relationship marketing techniques by awarding points to frequent customers that can be used to obtain additional goods or services from the company. This kind of point system may act as an exit barrier because starting a new relationship would mean giving up the potential future value of the points and starting from ground zero with a new service provider. That is why, for example, Hilton considers the 6.5 million members of the Hilton HHonors loyalty program the most important customers the company has.[48]

Moreover, companies have recently been broadening the scope of such relationship programs. For example, Table 16.15 lists the many products and services offered to

FIGURE 16.6

Source: © 2005 Hertz System, Inc. Hertz is a registered service mark and trademark of Hertz System, Inc.



Hertz Ad Points Out Benefits of Its Relationship Program

participants in the American Airlines AAdvantage Mileage Program. Still further, research has found that airline frequent flyer programs contribute in a positive way to the frequent business traveler's lifestyle and to his/her quality of life, perhaps by compensating for some of the negative aspects of frequent business travel. In addition, happy frequent business travelers perceived themselves to be more loyal to a particular airline than their less happy counterparts.[49]

Ultimately, it is to a firm's advantage to develop long-term relationships with existing customers because it is easier and less expensive to make an additional sale to an existing customer than to make a new sale to a new consumer.[50] Figure 16.7 portrays some of the characteristics of the relationship between the firm and the customer within the spirit of relationship marketing.

TABLE 16.15 A Broad-Based Relationship Program

AIRLINES

Canadian Airlines International
Cathay Pacific Airlines
Hawaiian Airlines
Qantas Airways
Keno Air
Singapore Airlines
TWA
US Airways

HOTELS

Conrad Hotels
Forte Hotels
Forum Hotels
Hilton Hotels & Resorts
Hilton International Hotels
Holiday Inns
Inter-Continental Hotels
ITT Sheraton Hotels, Inns, Resorts, and All-Suites
Marriott Hotels, Resorts, and Suites
Vista Hotels
Wyndham Hotels & Resorts

CAR RENTAL

Avis Rent A Car
Hertz

OTHER

Citibank AAdvantage Visa or MasterCard application
MCI Long-Distance
American AAdvantage Money Market Fund
The American Traveler Catalog

Why is relationship marketing so important? Research indicates that consumers today are less loyal than in the past, due to six major forces: (1) the abundance of choice, (2) availability of information, (3) entitlement (consumers repeatedly ask "What have you done for me lately?"), (4) commoditization (most products/services appear to be similar—nothing stands out), (5) insecurity (consumer financial problems reduce loyalty), and (6) time scarcity (not enough time to be loyal). These six forces result in consumer defections, complaints, cynicism, reduced affiliation, greater price sensitivity, and litigiousness.[51]

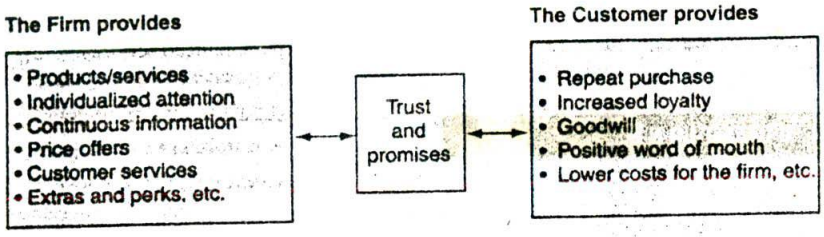


FIGURE 16.7

A Portrayal of the Characteristics of Relationship Marketing

Source: In part, this portrayal was inspired by: Mary Long, Leon Schiffman, and Elaine Sherman, "Understanding the Relationships in Consumer Marketing Relationship Programs: A Content Analysis," in *Proceedings of the World Marketing Congress VII-II*, eds. K. Grant and Walker (Melbourne, Australia: Academy of Marketing Science, 1995), 10/27–10/26

SUMMARY

The consumer's decision to purchase or not to purchase a product or service is an important moment for most marketers. It can signify whether a marketing strategy has been wise, insightful, and effective, or whether it was poorly planned and missed the mark. Thus, marketers are particularly interested in the consumer's decision-making process. For a consumer to make a decision, more than one alternative must be available. (The decision not to buy is also an alternative.)

Theories of consumer decision making vary, depending on the researcher's assumptions about the nature of humankind. The various models of consumers (economic view, passive view, cognitive view, and emotional view) depict consumers and their decision-making processes in distinctly different ways.

An overview consumer decision-making model ties together the psychological, social, and cultural concepts examined in Parts II and III into an easily understood framework. This decision model has three sets of variables: input variables, process variables, and output variables.

Input variables that affect the decision-making process include commercial marketing efforts, as well as noncommercial influences from the consumer's sociocultural environment. The decision process variables are influenced by the consumer's psychological field, including the evoked set (or the brands in a particular product category considered in making a purchase choice). Taken as a whole, the psychological field influences the consumer's recognition of a need, prepurchase search for information, and evaluation of alternatives.

The output phase of the model includes the actual purchase (either trial or repeat purchase) and postpurchase evaluation. Both prepurchase and postpurchase evaluation feeds back in the form of experience into the consumer's psychological field and serves to influence future decision processing.

The process of gift exchange is an important part of consumer behavior. Various gift-giving and gift-receiving relationships are captured by the following five specific categories in the gifting classification scheme: (1) intergroup gifting (a group gives a gift to another group); (2) intercategory gifting (an individual gives a gift to a group or a group gives a gift to an individual); (3) intragroup gifting (a group gives a gift to itself or its members); (4) interpersonal gifting (an individual gives a gift to another individual); and (5) intrapersonal gifting (a self-gift).

Consumer behavior is not just making a purchase decision or the act of purchasing; it also includes the full range of experiences associated with using or consuming products and services. It also includes the sense of pleasure and satisfaction derived from possessing or collecting "things." The outputs of consumption are changes in feelings, moods, or attitudes; reinforcement of lifestyles; an enhanced sense of self; satisfaction of a consumer-related need; belonging to groups; and expressing and entertaining oneself.

Among other things, consuming includes the simple utility of using a superior product, the stress reduction of a vacation, the sense of having a "sacred" possession, and the pleasures of a hobby or a collection. Some possessions serve to assist consumers in their effort to create personal meaning and to maintain a sense of the past.

Relationship marketing impacts consumers' decisions and their consumption satisfaction. Firms establish relationsh

marketing programs (sometimes called loyalty programs) to foster usage loyalty and a commitment to their products and services. At its heart, relationship marketing is all about building trust (between the firm and its customers), and keeping promises made to consumers. Therefore, the emphasis in relationship marketing is almost always on developing long-term bonds with customers by making them feel special and by providing them with personalized services.

DISCUSSION QUESTIONS

1. Compare and contrast the economic, passive, cognitive, and emotional models of consumer decision making.
2. What kinds of marketing and sociocultural inputs would influence the purchase of (a) a TV with a built-in VCR, (b) a concentrated liquid laundry detergent, and (c) fat-free ice cream? Explain your answers.
3. Define extensive problem solving, limited problem solving, and routinized response behavior. What are the differences among the three decision-making approaches? What type of decision process would you expect most consumers to follow in their first purchase of a new product or brand in each of the following areas: (a) chewing gum, (b) sugar, (c) men's aftershave lotion, (d) carpeting, (e) paper towels, (f) a cellular telephone, and (g) a luxury car? Explain your answers.
4. a. Identify three different products that you believe require a reasonably intensive prepurchase search by a consumer. Then, using Table 16.2 as a guide, identify the specific characteristics of these products that make an intensive prepurchase search likely.
   b. For each of the products that you listed, identify the perceived risks that a consumer is likely to experience before a purchase. Discuss how the marketers of these products can reduce these perceived risks.
5. Let's assume that this coming summer you are planning to spend a month touring Europe and are, therefore, in need of a good 35mm camera. (a) Develop a list of product attributes that you will use as the purchase criteria in evaluating various 35mm cameras. (b) Distinguish the differences that would occur in your decision process if you were to use compensatory versus noncompensatory decision rules.
6. How can a marketer of very light, very powerful laptop computers use its knowledge of customers' expectations in designing a marketing strategy?
7. How do consumers reduce postpurchase dissonance? How can marketers provide positive reinforcement to consumers after the purchase to reduce their dissonance?
8. The Gillette Company, which produces the highly successful Sensor shaving blade, has recently introduced a clear gel antiperspirant and deodorant for men. Identify the perceived risks associated with the purchase of this new product and outline a strategy designed to reduce these perceived risks during the product's introduction.
9. Albert Einstein once wrote that "the whole of science is nothing more than a refinement of everyday thinking." Do you think that this quote applies to the development of the consumer decision-making model presented in Figure 16.2?

EXERCISES

1. Find two print advertisements, one that illustrates the cognitive model of consumer decision making and one that illustrates the emotional model. Explain your choices. In your view, why did the marketers choose the approaches depicted in the advertisements?
2. Describe the need recognition process that took place before you purchased your last can of soft drink. How did it differ from the process that preceded the purchase of a new pair of sneakers? What role, if any, did advertising play in your need recognition?
3. List the colleges that you considered when choosing which college or university to attend and the criteria that you used to evaluate them. Describe how you acquired information on the different colleges along the different attributes that were important to you and how you made your decision. Be sure to specify whether you used compensatory or noncompensatory decision rules.
4. Select one of the following product categories: (a) compact disk players, (b) fast-food restaurants, or (c) shampoo, and: (1) write down the brands that constitute your evoked set, (2) identify brands that are not part of your evoked set, and (3) discuss how the brands included in your evoked set differ from those that are not included in terms of important attributes.
5. Select a newspaper or magazine advertisement that attempts (a) to provide the consumer with a decision strategy to follow in making a purchase decision or (b) to reduce the perceived risk(s) associated with a purchase. Evaluate the effectiveness of the ad you selected.

KEY TERMS

- **affect referral decision rule**
- **compensatory decision rules**
- **conjunctive decision rule**
- **consumer decision making**
- **consumption process**
- **disjunctive rule**
- **evaluation of alternatives**
- **evoked set**
- **extensive problem solving**
- **gifting behavior**
- **heuristics**
- **inept set**
- **inert set**
- **information overload**
- **lexicographic decision rule**
- **limited problem solving**
- **moods**
- **need recognition**
- **noncompensatory decision rules**
- **postpurchase evaluation**
- **prepurchase search**
- **purchase behavior**
- **relationship marketing**
- **routinized response behavior**
- **self-gifts**

NOTES

1. Itamar Simonson, "Shoppers' Easily Influenced Choices," *New York Times*, November 6, 1994, 11.
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