Section 1

Foundations of consumer behaviour

This introductory section provides an overview of the field of consumer behaviour. Chapter 1 looks at how the field of marketing is influenced by the actions of consumers and at how we as consumers are influenced by marketers. This chapter describes the discipline of consumer behaviour and some of the different approaches to understanding what makes consumers tick. Chapter 2 discusses the importance of the study of consumer behaviour to public policy issues and ethical marketing practices. In this chapter we look at the broad issue of well-being, and at both the positive and the negative ways the products we use affect us, and reflect on the central role of ethics in marketing decisions.

Chapters ahead

CHAPTER 1
Buying, having and being

CHAPTER 2
Consumer and social well-being

Buying, having and being

Learning objectives

When you have finished reading this chapter, you should be able to:

- Understand why studying the consumer is important for marketers
- Describe how different demographic and psychographic variables can be applied to segment consumer markets
- Explain how the internet and social media are changing consumers
- Discuss the different approaches used by researchers to study consumers.

INTRODUCTION

This book is about people like you. It concerns the products and services you buy and use, and the ways these fit into your life. This introductory chapter describes important aspects of the field of consumer behaviour, and explains why it is essential to understand how people interact with the **marketing system**.[1] Throughout this book we use different approaches—including emotional, cognitive, behavioural and cultural—to understand consumer behaviour rather than one single approach. In this way you will see how different approaches can be applied to explain the complexity of particular behaviours, and also that no one approach can explain **consumption** in people's everyday lives.[2] The consumer behaviour theory and concepts discussed throughout this book explore and focus on actual processes involved in many consumption activities, ranging from purchasing to divestment behaviours. In addition to the consumer investigations in this book, we also draw on consumer research that analyses the experiential, social, cultural and ethical dimensions of consumption in context. These researchers draw on the theoretical resources of multiple paradigmatic perspectives such as psychology, economics, anthropology and sociology to explain the choices consumers make in their everyday lives.

CONSUMER BEHAVIOUR: PEOPLE IN THE MARKETSPACE

Consumers can be described and compared to other individuals in a number of ways. For some purposes, marketers might find it useful to categorise consumers in terms of their age, gender, income or occupation. These are some examples of descriptive characteristics, or **demographics**, of a population. In other cases, marketers would rather know something about consumers' interests in clothing or music, or the way they spend their leisure time. This sort of information comes under the category of **psychographics**, which refers to aspects of a person's lifestyle and personality. Knowledge of consumer characteristics plays an extremely

important role in many marketing applications, such as defining the market for a product, or deciding on the appropriate techniques to employ when targeting a certain group of consumers.

Consumers' purchase decisions are heavily influenced by the opinions and behaviours of friends. A lot of product information, as well as recommendations to use or avoid particular brands, is transmitted by conversations among real people, rather than by way of television commercials, magazines, billboards or even bizarre websites. The growth of social media such as Facebook has created thousands of online **consumption communities** where members share views and product recommendations about anything from LEGO brick products to iPhones. Consumers form bonds with fellow group members because they use

Source: View Apart/Shutterstock

the same products and share similar experiences. There is pressure on each group member to buy things that will meet with the group's approval. Consumers often pay a price in the form of group rejection or embarrassment when they do not conform to others' conceptions of what is good or bad, 'in' or 'out'.

As members of a large society, people share certain cultural values or strongly held beliefs about the way the world should be structured. Other values are shared by members of subcultures or smaller groups within the culture, such as migrants, teenagers, Queenslanders, hipsters who eat vegan foods or yuccies (young urban creatives who covet money and success).[3]

While exploring websites, consumers are continually exposed to competing brand and marketing influences. Many sites don't capture a consumer's attention at all, whereas others are noticed and rejected because they don't fit the image with which the consumer identifies or to which they aspire. The use of **market segmentation strategies** means targeting a brand only to specific groups of consumers rather than to everybody—even if it means that other consumers who don't belong to this target market aren't attracted to that product.

Brands often have clearly defined images or 'personalities' created by product advertising, packaging, branding and other marketing strategies. The choice of a favourite website is very much a lifestyle statement: it says a lot about what a person is interested in, as well as something about the type of person they would like to be. People often choose a product because they like its image, or because they feel its 'personality' somehow corresponds to their own. Moreover, consumers may believe that by buying and using a product or service its desirable qualities will magically rub off onto them.

When a product, an idea or a website succeeds in satisfying a consumer's specific needs or desires, it may be rewarded with many years of brand loyalty, a bond between product and consumer that is very difficult for competitors to break. Often a change in the person's life situation or self-concept is required to weaken this bond.

Consumers' evaluations of products are affected by the appearance, taste, texture or smell of an item. We may be swayed by the shape and colour of a package or a celebrity endorsement, as well as by more subtle factors such as the symbolism used in a brand name, in an advertisement, or even in the choice of a cover model for a magazine. These judgements are affected by—and often reflect—how a society feels that people should define themselves at that point in time. If asked, a consumer might not be able to say exactly why they like some products and reject others. Many product meanings are hidden below the surface of the packaging or advertising. This book discusses some of the methods used by marketers and social scientists to discover or apply these meanings.

marketing system

Focuses on the dynamic and complex social networks of shared participation in the creation and delivery of economic value through marketplace relationships.

consumption

Can be equated with purchasing, obtaining and using goods and services.

demographics

The observable measurements of a population's characteristics.

psychographics

The use of psychological, sociological and anthropological factors to construct market segments.

consumption communities

Web groups where members share views and product recommendations online.

market segmentation strategies

Targeting a brand only to specific groups rather than to everybody.

Consumer opinions and desires are increasingly shaped by input from around the world, which is becoming a much smaller place due to rapid advancements in communications and transportation systems. In today's global culture, consumers often prize products and services that 'transport' them to different places and allow them to experience the diversity of other cultures—even if only to view others eating a meal on YouTube or to watch the 'food porn' posted through social media and food blogs! 'Food porn' is not a new term, but today has gathered interest based on the rise of TV cooking shows such as MasterChef and consumer use of social media platforms to display the aesthetic and desirable quality of food imagery to influence consumption.[4]

WHAT IS CONSUMER BEHAVIOUR?

consumer behaviour

The processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires.

The field of **consumer behaviour** covers a lot of ground: *it is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires.* Consumers take many forms, ranging from a six-year-old child begging his mother for the latest Superhero merchandise to an executive in a large corporation deciding on a multi-million dollar computer system. The items that are consumed can include everything from tinned peas to a massage, democracy, hip-hop music and a celebrity like Lady Gaga. Needs and desires to be satisfied range from hunger and thirst to love, status or even spiritual fulfilment. As you will see throughout this book, people can get passionate about a broad range of products. Whether its hunting out nostalgic products like turntables, record players or vinyl, or finding the perfect coffee blend or the latest personal digital device, there's no shortage of brand fans who will do whatever it takes to find and buy what they desire.

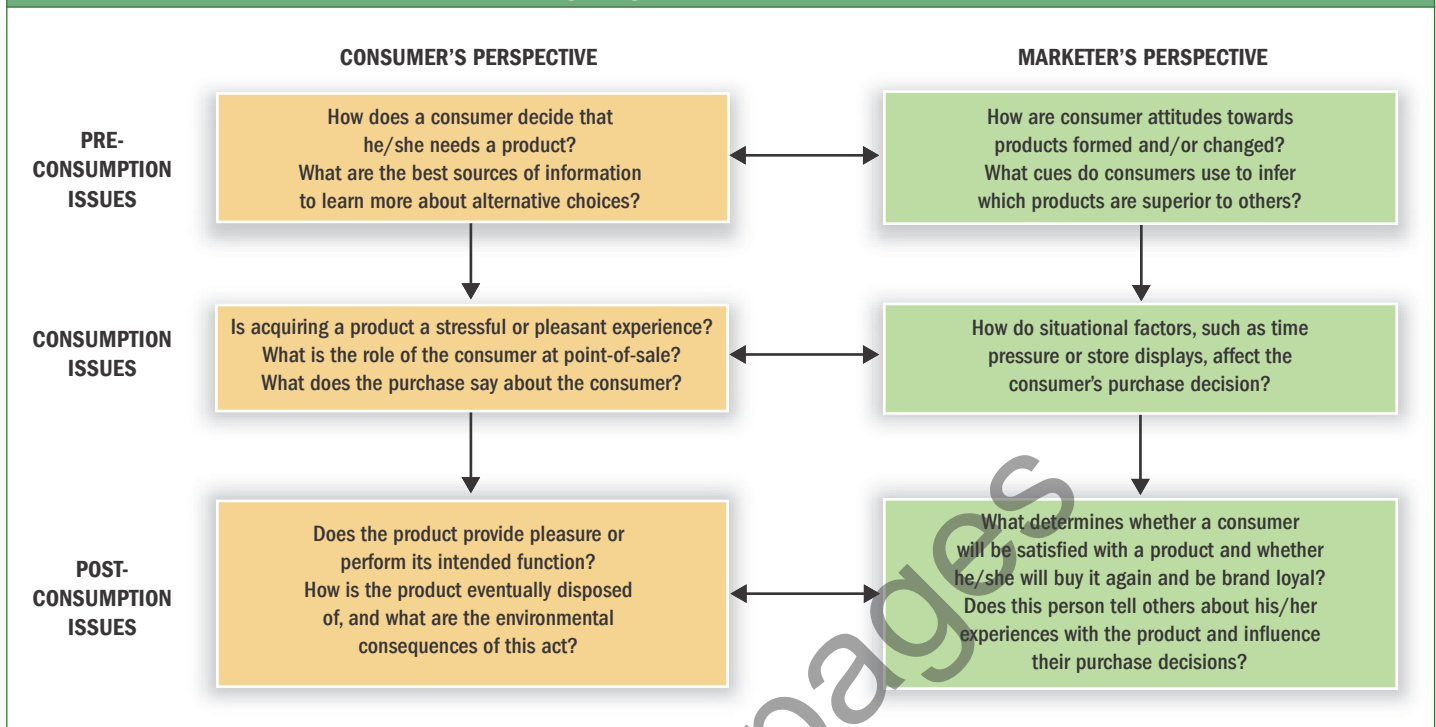## Consumer behaviour is a process

In its early stages of development, the field of consumer behaviour was often referred to as 'buyer behaviour', reflecting an emphasis on the interaction between consumers and producers at the time of purchase. Most marketers now recognise that consumer behaviour is an *ongoing process*, not merely what happens at the moment a consumer hands over money or a credit card, in turn receiving a good or service.

exchange value

A transaction in which two or more organisations or people give and receive something of value.

exchange theory

The perspective that every interaction involves an exchange of value.

Value is a central term in marketing, but also one that is sometimes difficult to pin down; consequently there are a number of different conceptions of it. **Exchange value** is used most widely in marketing to define a transaction in which two or more organisations or people give and receive something of value, which in many circumstances aligns with the market price. Although **exchange theory** remains an important part of consumer behaviour, the expanded view emphasises the *entire* consumption process, which includes the issues that influence the consumer before, during and after a purchase. These three phases of the consumer behaviour process are labelled pre-consumption, consumption and post-consumption. A marketer must understand customer needs at each stage because the level of value created at any of these stages influences the consumer's opinions, feelings and actions towards the brand or product. Figure 1.1 illustrates some of the issues that are addressed during each stage of the consumption process.

value-in-use

The value of a good to the consumer in terms of the usefulness it provides.

Value is created not only in the moment of exchange (the consumption stage) but also from the satisfaction we get from a good or service, which is typically determined by the attributes and quality of the product or service consumed; this is termed **value-in-use**.[5] Consider the example of a car. The manufacturer applies its knowledge, skills and capabilities to transform raw materials into a car. Yet the car itself is only an input in the value creation process that occurs as the customer uses it for transportation, self-identity or even as an opportunity to get involved in car-riding services such as Uber or Lyft.[6]

symbolic value

The meaning a consumer attaches to a good or possession to influence and participate in the social world.

Many consumer researchers have also studied the **symbolic value** that a purchase and use of products and services can confer on consumers.[7] This value highlights the symbolic meaning that consumers attach to goods and possessions to construct and participate in the

---

FIGURE 1.1 Some issues that arise during stages in the consumption process

	CONSUMER'S PERSPECTIVE	MARKETER'S PERSPECTIVE
PRE-CONSUMPTION ISSUES	How does a consumer decide that he/she needs a product? What are the best sources of information to learn more about alternative choices?	How are consumer attitudes towards products formed and/or changed? What cues do consumers use to infer which products are superior to others?
CONSUMPTION ISSUES	Is acquiring a product a stressful or pleasant experience? What is the role of the consumer at point-of-sale? What does the purchase say about the consumer?	How do situational factors, such as time pressure or store displays, affect the consumer's purchase decision?
POST-CONSUMPTION ISSUES	Does the product provide pleasure or perform its intended function? How is the product eventually disposed of, and what are the environmental consequences of this act?	What determines whether a consumer will be satisfied with a product and whether he/she will buy it again and be brand loyal? Does this person tell others about his/her experiences with the product and influence their purchase decisions?

social world. For some consumers the economic value of a possession is not the most important form of value; rather, they consume a product or brand idea as a means to communicate self-identity or signal identity in social relationships. Consider the purpose-driven company Patagonia, which sells outdoor clothing. Some consumers buy the company's products because of their value-in-use based on their reliable and durable wear. However, other consumers buy the Patagonia brand because of the company's environmental views; for them, the products have value because this is a company that wants to make a difference for the environment.

In recent years, marketers have understood that consumers wish to **co-create value** with organisations rather than passively waiting for organisations to create value for them.[8] Organisations that include their consumers in the creation of value not only satisfy their consumers, they also find it profitable, and more companies are turning to working with their customers to create better ideas, products and services. For example, LEGO has a long history

co-create value

The active involvement of the consumer in the process of value creation *with* an organisation.

← Patagonia's 'Don't Buy This Jacket' advertising message is intended to encourage consumers to consider the effect of consumerism on the environment and to only purchase products they need.
Source: Courtesy of Patagonia

→ 'Who Gives A Crap'
successfully proves that a
commodity product such
as toilet paper can have a
grander purpose and
doesn't have to be dull or
fluffy to make a connection
with consumers.
Source: Simon Griffiths; Who Gives
A Crap

of co-creating products with both young and old customers. The LEGO Ideas online community supports members to discover creations by other fans and submit their own cool designs for new sets. Fans vote on submissions and give feedback; LEGO reviews those ideas that receive 10,000 votes and selects some to go into production to be sold worldwide.[9] This consumer behaviour aligns with other co-creation activities such as **crowdsourcing**. Jeff Howe[10] coined the term 'crowdsourcing' to describe the online behaviour of outsourcing tasks that in the past were performed by business owners, employees or contractors to a large group of people or a community—the crowd. Consumers are also getting involved in crowdsourcing ventures for everything from fundraising (e.g. GoFundMe) to manufacturing t-shirts (e.g. Threadless).[11] One remarkable crowdfunding venture that raised $66 546 in just 50 hours is 'Who Gives a Crap', a subscription-based toilet paper brand that is attempting to solve sanitation issues by donating 50% of its profits to help build waste facilities in developing countries.

crowdsourcing

Involves sourcing ideas
and skills from outside
the organisation by
enlisting the services of a
large number of people
(paid or unpaid), typically
via the internet.

consumer

A person who identifies a
need or desire, makes a
purchase and then
disposes of the product.

We generally think of a **consumer** as a person who identifies a need or desire, makes a purchase and then disposes of the product during the three stages of the consumption process. In many cases, however, different people may be involved in this sequence of events. The purchaser and the user of a product might not be the same person, as when a parent picks out clothes for a teenager (and makes selections that can result in 'fashion suicide' in the view of the teenager). In other cases, another person may act as an *influencer*, providing recommendations for or against certain products without actually buying or using them. A friend's grimace when you try on that new pair of jeans may be more influential than anything your mother or father might say.

Finally, consumers may take the form of groups. One or several persons may make the decisions involved in purchasing products that will be used by many, as when an individual buys a plasma television set that is watched by all household members. As we explain in Chapter 11, the family is an important group, and different family members play pivotal roles in making decisions about products and services used by all.

CONSUMERS' IMPACT ON MARKETING STRATEGY

Why should managers, advertisers and other marketing professionals bother to learn about consumer behaviour? Very simply, understanding consumer behaviour is good business. A basic marketing concept holds that companies exist to satisfy consumers' needs. These needs can only be satisfied to the extent that marketers understand the individuals or groups who will use the products, services and experiences they are trying to sell.

Consumer response is the ultimate test of whether a marketing strategy will succeed. Thus, knowledge about consumers should be incorporated into every facet of a successful marketing plan. Data about consumers help organisations to define the market for a brand and identify threats and opportunities. And, in the wild and wacky world of marketing,

CB AS I LIVE IT: Consumer trends influence what I buy
Brittany Bennett, *Queensland University of Technology*

Consumers aren't all logical and utilitarian. If they were, there wouldn't be much place for marketing as people would always buy the most practical option. People buy products for emotional and social purposes, often then using the economic factors of the product to rationalise their choice. Consumer trends are often emotional and change as frequently as society does. A consumer trend that I feel will influence my future consumer behaviour is the use of AI in consumer–business interactions.

AI is no longer something found only in sci fi novels and movies but is shifting from what was previously conceived as a bizarre concept into an accepted reality. It's integrated into a range of everyday consumer platforms from recommending songs on Spotify to online chatbots assisting with shopping experiences. AI helps build consumer relations with the brand through personalisation of recommendations. For example, Netflix suggests movies based on what consumers have previously watched and liked, which increases the likelihood of consumer satisfaction. This ensures constant engagement with the website because consumer retention is more likely when there is a high level of emotional satisfaction with the service. I use Netflix every day, including when I shouldn't (procrastination of writing this snippet) as its optimisation of suggestions caters directly to my needs, making using the service an easier and more enjoyable task. The minimal effort required to be able to reap the benefits of watching a great show changes my expectations of other sites— Netflix is my preferable choice.

Of course, with every opportunity there can be pitfalls. A recent example that got my attention was Microsoft's release of an AI bot named Tay, which targeted Twitter users to teach Tay. It seems obvious in hindsight that by letting people train an AI bot without restricting what it could learn, things were bound to go wrong. User commentary towards the AI included bigoted tweets which the AI learned from and therefore developed a bigoted attitude. The AI bot was promptly shut down after this consumer terrorism and Microsoft had to issue an apology after the incident was associated negatively with the company. While AI is a great source of opportunity, it can also be taken advantage of and reflect poorly on the brand.

Over the years, consumer trends have changed not with the development of new technology, but with acceptance of new technology by consumers. As AI becomes more and more a part of everyday life, I see marketing as the direct commentary on its value to my lifestyle. I am excited to see where this trend goes.

Source: Ericsson, '10 hot consumer trends 2017' <www.ericsson.com/en/networked-society/trends-and-insights/consumerlab/consumer-insights/reports/10-hot-consumer-trends-2017>; T Hennig-Thurau & A Klee, 'The impact of customer satisfaction and relationship quality on customer retention: a critical reassessment and model development', *Psychology & Marketing*, 1997, 14(8): 737–64; P Hong, 'Why emotional storytelling is the future of branding', 2015 <www.linkdex.com/en-us/inked/future-of-branding-emotional-storytelling>; I Butler, M Robinson & L Scanlan, 'Children's involvement in family decision-making', 2005 <www.jrf.org.uk/report/childrens-involvement-family-decision-making>; P Irwin, JA Weller, AA Pederson & LA Harshman, 'Age-related differences in adaptive decision making: sensitivity to expected value in risky choice', *Judgment and Decision Making*, 2007, 2(4): 225-33; A Levy, 'How Netflix's AI saves it $1 billion every year', 2016 <www.fool.com/investing/2016/06/19/how-netflixs-ai-saves-it-1-billion-every-year.aspx>; PN Murray, 'How emotions influence what we buy: the emotional core of consumer decision-making ', 2013 <www.psychologytoday.com/blog/inside-the-consumer-mind/201302/how-emotions-influence-what-we-buy>; S Perez, 'Microsoft silences its new AI bot Tay, after Twitter users teach it racism [Updated]', 2016 <https://techcrunch.com/2016/03/24/microsoft-silences-its-new-a-i-bot-tay-after-twitter-users-teach-it-racism>.

nothing lasts forever: this knowledge helps to ensure that the product continues to appeal to its core market.

CONSUMERS ARE DIFFERENT! HOW WE DIVIDE THEM UP

The process of **market segmentation** identifies groups of consumers who are similar to one another in one or more ways, and then devises marketing strategies that appeal to one or more groups. Amazon.com tries to reach multiple segments at the same time, whereas toysrus.com focuses on gifts for children.[12] If a company does its homework, it identifies a segment with unique needs and then develops products or services to meet those needs.

market segmentation
The process of identifying groups of consumers who are similar to one another in one or more ways, and then devising marketing strategies that appeal to one or more of these groups.

↑ Chef Neil Perry competes in the fine fast-food restaurant category with his 'Burger Project' brand, which makes meat patties in-store using only 36-month-old Cape Grim grass-fed quality beef.

Source: Isabella Lettini/Fairfax Media

heavy users

A segmentation variable used to identify customers who consume products in large volumes.

80/20 rule

A rule of thumb that says about 20% of consumers in a product category (the heavy users) account for about 80% of sales.

As we explain later, building loyalty to a brand is a very smart marketing strategy, so sometimes companies define market segments by identifying their most faithful customers or **heavy users**. For example, in the Australian fast-food industry heavy users are generally in the 18–25 years age group and typically seek out global fast-food enterprises such as McDonald's and Hungry Jack's. However, new fast-food operators are gaining traction in the market. Older age groups are less likely to consume traditional fast foods and are looking for healthier options. Increasingly, younger consumers are also seeking out better quality fast-food options, which has witnessed the introduction of gourmet burgers that include more premium ingredients and are sold at a higher price—a category known as 'fine fast food'.[13]

As a rule of thumb, marketers use the **80/20 rule**, which states that about 20% of consumers in a product category (the heavy users) account for 80% of sales. This guideline often holds up well, but in some cases even this lopsided split isn't big enough. A study of 54 million US shoppers reported that only 2.5% of consumers account for 80% of sales for the average packaged-goods brand; in addition, 1% of pet owners buy 80% of Iams pet food products, spending $93 a year on the brand, while the 1.2% of beer drinkers who account for 80% of Budweiser sales spend $170 on Bud each year. Of the 1364 brands the researchers studied, only 25 had a consumer base of more than 10% that accounted for 80% of volume.[14] So think of the 80/20 rule as a guideline rather than set in stone.

Aside from heavy usage of a product, there are many dimensions that can be used to slice up a larger market. Demographics are statistics that measure observable aspects of a population, such as birth rate, age distribution and income. The Australian Bureau of Statistics (ABS) and Statistics New Zealand are major sources of demographic data on families, but many private companies gather additional data on specific population groups. The changes and trends revealed in demographic studies are of great interest to marketers, because the data can be used to locate and predict the size of markets for many products, ranging from home mortgages to brooms and tin openers. Imagine trying to sell baby food to a single male, or a luxury round-the-world cruise to a couple making $30 000 a year!

In this book we explore many of the important demographic variables that make consumers the same as or different from others. We also consider other important characteristics that are more subtle, such as differences in consumers' personalities and tastes that can't be objectively measured yet may be tremendously important in influencing product choices. For now, let's summarise a few of the most important demographic dimensions, each of which will be developed in more detail in later chapters.

Age

Consumers of different *age groups* obviously have very different needs and wants. Although people who belong to the same age group differ in many other

↑ Kinder Bueno has a strong brand reputation for children and its recent 'adulting' ads continue the theme by targeting the 'kid-at-heart' in all adults.

Source: Nenov Brothers Images/Shutterstock

ways, they do tend to share a set of values and common cultural experiences that they carry throughout life. In some cases, marketers initially develop a product to attract one age group and then try to broaden its appeal later on. That's what the high-octane energy drink Red Bull does. The company aggressively introduced their drink in bars, nightclubs and gyms to the product's core audience of young people. Over time, Red Bull became popular in other contexts, and the company began to sponsor the PGA European Tour to broaden its reach to older golfers who probably aren't up partying all night. It also hands out free cans to commuters, cab drivers and car rental agencies to promote the drink as a way to stay alert on the road.[15]

The confectionery brand Kinder is strongly positioned in the market as a chocolate treat for children. Recently, however, the company has shifted its creative and is tapping into a grown-up audience based on the social language of 'adulting'—aimed at those young fledgling adults who need to act like real grown-ups, but who struggle with the day-to-day demands of becoming an adult. The brand is extending its segmentation strategy and using a new brand creative positioning, which says 'Kinder Bueno is the perfect grown up reward'.[16]

Gender

Gender is a central organising feature of our identity. Marketing and advertising appeals differentiate products to consumers based on sex during all life stages—even nappies are sold in pink versions for girls and blue for boys. Many products, from fragrances to motor vehicles, create a gender image for a brand by featuring a targeted gender in an advertisement as the 'typical' user.[17] Effectively, these stereotypes become the essential signal through which advertisers communicate a product category to the target market. Global **fast-moving consumer goods (FMCGs)** company Unilever is trying to change the use of gender stereotypes in its advertising. In 2016 the company introduced a policy to remove all stereotypes based on gender from its advertising,[18] which should have a far-reaching impact on the advertising for its gender-specific mega-brands such as Dove and Axe. This decision was based on a global study that found that 40% of women do not feel represented in the ads they see. The challenge for Unilever is to rethink how its brands show gender in advertisements and what a genuine reflection of gender representation is for the 21st century.

Family structure

A person's family and marital status is yet another important demographic variable, because it has such a big effect on consumers' spending priorities. Not surprisingly, young bachelors and newlyweds are the most likely to exercise, go to bars, concerts and movies, and consume alcohol. Families with young children are big purchasers of health foods and fruit juices, while single-parent households and those with older children buy more junk food.[19] Recently,

fast-moving consumer goods (FMCGs)

Fast-moving consumer goods, such as groceries and cosmetics, sold at low prices through intensive distribution channels.

↑ Unilever is changing the use of gender stereotypes in its in advertising.
Source: © Monticello/Shutterstock

↑ Jamie Oliver's 'Food Revolution' targets families and parents with a call to action message on choosing to eat the 'right' food and putting childhood health first.
Source: Ian West/PA/AAP Images

↑ Winemaker, Some Young Punks, is redefining wine taste-culture through untraditional marketing and labelling practices.

Source: Emmanuel LATTES/Alamy Stock Photo

societal concern has shifted to a focus on assisting families to make healthier eating choices because of increasing obesity problems in Western countries. Celebrity chef Jamie Oliver continues to advocate for healthier eating and cooking at home and more recently has moved into the political arena by advocating for the introduction of a sugar tax on fast foods in the UK and other Western countries.[20]

Social class and income

Social class indicates people who are approximately equal in terms of their incomes and social standing in the community. These people work in roughly similar occupations and tend to have similar tastes in music, clothing, leisure activities and art. They also tend to socialise together and share many ideas and values about the way life should be lived.[21] A group of young winemakers in Australia, who call themselves Some Young Punks,[22] illustrate the shifting nature of social class and taste-culture in Australia today. These young winemakers have an irreverent approach, particularly with labelling their wine. They state on their website: 'It's OK to judge a book by its cover. We judged the covers of books to decide on these labels. We need you to see us, and we don't have lineage, or tithe in that respect.' Even in Australia there are class-distinctive consumer mindsets, which in previous decades suggested wine drinkers were high-status, upper-class consumers. Australian winemakers like Some Young Punks are breaking with the past and developing new markets, products and taste-culture. The distribution of wealth is of great interest to marketers because it determines which groups have the greatest buying power and market potential.

Ethnicity

As society becomes increasingly multicultural in countries such as Australia and New Zealand, new opportunities develop to deliver specialised products to racial and ethnic groups and to introduce other groups to these offerings. For example, many mainstream products now use subcultural icons, hip-hop music or imagery such as graffiti-style fonts or logos to give their products an 'inner-city' feel.[23] More traditional cultural representations are used in marketing FMCGs such as convenience food. One company that has expanded its product range from the basic Anglo palate to more exotic tastes is Masterfoods. In 1952 its flavour range was mustard, paprika, Lemon Aid and mint jelly; however, the range now has more than 500 flavours with origins from around the globe, including turmeric (southern Asia), cayenne pepper (South America) and saffron (Spain).[24]

Expansion in the fast-food market also reflects the continued influence of ethnic cultural tastes on the Australian food landscape. In the next five years, ethnic-Australian spending will grow at a faster rate than that for their Australian-born counterparts, accounting for more than $4.4 billion in incremental revenue. This will result in ethnic-Australian shoppers contributing $18.7 billion (or 28%) of the total FMCG retail channel alone.[25]

Lifestyle

lifestyle

A set of shared values or tastes exhibited by a group of consumers.

Consumers have very different **lifestyles**, even if they share other characteristics such as gender or age. The way we feel about ourselves, the things we value, the things we like to do in our spare time—all of these factors help determine which products will push our buttons, or even those that make us feel better. That's why FMCG manufacturer Unilever positions its Lux brand as a multi-sensory experience in personal care by appealing to women's fantasies and
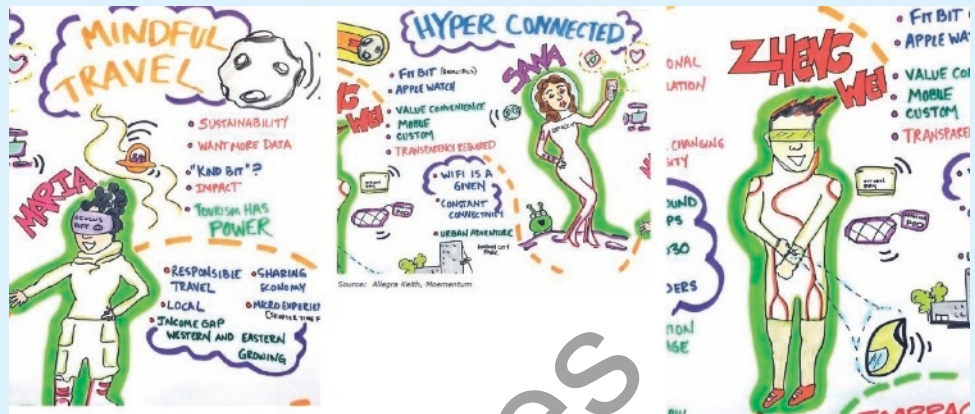
MARKETING OPPORTUNITY
Tomorrow's travellers

As consumers' lifestyles change, so too do the desired experiences they seek for leisure and the tourism and holiday services they demand. Travel is big business. International tourism injected $40.6 billion into the Australian economy in 2017. In the US tourism arrivals are resilient despite threats of terrorism, and travel product sales are expected to top US$2.5 trillion by 2020. Many of these predictions are predicated on an expected boost from consumer adoption of new technology and the emergence of new business models in the travel industry.

Source: Euromonitor International

Today's consumers are being defined more by their travel interests in gathering actual experiences than by the material possessions they might own. Some consumers don't have time for a big adventure holiday, so they are opting for microadventures as an experience. These 'soft adventures' involve low-risk activities and tie into healthier lifestyle goals focused on spending time in the outdoors, ranging from experiences such as simply sleeping under the stars to something a little more challenging like hiking a mountain or kayaking. Busy consumers are using microadventures to escape their fast-paced lifestyles. Micoadventures on offer include 'mancations', where hotels and travel agencies target male-only activity holidays, 'mancations back to nature' weekends and 'bleisure', business blended with leisure offerings for those who want to stay an extra night and blend a little business with adventure.

Travellers' health and well-being concerns also influence their travel choices. Consumers are increasingly seeking out 'mindful travel' where they get an opportunity to gain life-enhancing skills through mindful-travel activities, or to combine their interests in sustainable and reduced-footprint holidays by seeking out resorts that have eco lodges, yoga classes and meditation as well as throwing in a safari experience. Global market intelligence company Euromonitor has developed three different travel persona to represent travel opportunities:

- To illustrate the mindful traveller, meet Maria, she's a 55-year-old divorced woman with two children. She has a passion for wildlife, supports UNICEF and works with a local charity. Maria is concerned about the impact of her carbon footprint and therefore seeks out travel services that show her commitment to responsible, sustainable travel.

- To explain the impact of technology on the tourism industry, meet Sana, she's 26, recently married and an IT specialist. She's connected 24/7, active on social media and wears clothes and shoes that track her health. She has 2 million followers on Instagram and regularly hires a drone to help document her travel. This persona explains travel trends shifting towards online travel agents and companies using virtual reality (VR) to encourage customers to try before they buy. Tech-savvy customers are also willing to accept advice from chatbots, artificial intelligence (AI) that can be well placed to assist with finalising booking processes.

- To indicate travel opportunities, meet Zheng Wei, a 35-year-old who works in manufacturing in Chengdu; he's married and has a two-year-old daughter. He and his wife look forward to shopping when travelling, and seek out luxury brands, wine and local art. He's also connected with technology and highly active on WeChat. He reflects the impact of Chinese consumers on the global travel economy; travellers from China contribute $9.8 billion to the Australian travel economy.
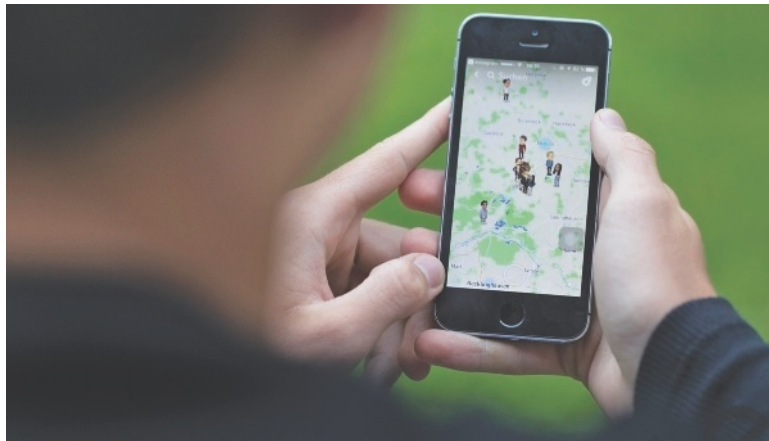
Source: Tourism Australia, International visitor arrivals, <www.tourism.australia.com/en/markets-and-research/tourism-statistics/international-visitor-arrivals.html> accessed 14 September 2017; Euromonitor International, *Global Trends Report*, November 2016; C Bremner, 'Future travellers of tomorrow: the mindful traveller', *Euromonitor International*, January 2016; C Bremner, 'Hyper-connectivity shapes future success or failure in travel', *Euromonitor International*, November 2015; C Bremner, 'Meet tomorrow's travellers', *Euromonitor International*, October 2015.

location-based services (LBS)

An LBS is an information or entertainment service, accessible with mobile devices, that employs geographical position information to promote offers available in the locale at any one point in time.

aspirations. Magnum ice-cream is also positioned in the minds of consumers using messaging and imagery that stimulate a feeling of indulgence for 'true pleasure seekers' and its *double* chocolate-coated ice-cream bars live up to the promise.[26]

Other brands take a different lifestyle approach to position their products and services. For example, some brands are tapping into the millennials market by acknowledging their changing lifestyle values and different views on adulthood. Millennials think differently about job 'stability', buying a home, getting married and having children compared to earlier generations. These values are reflected in the brands and services they select. Uber is a service that helps bring utility to a millennial's lifestyle by offering flexibility. Beyond products that are innovative and useful, millennials enjoy branded experiences like Red Bull events that can add excitement to their lives that they can share with their friends—that's why millennials are also known as the 'selfie generation'.[27]

↑ Location-sharing features on social media bring together personal information and location data, which ultimately raises new questions about data privacy.

Source: © Ute Grabowsky/ Photothek/Getty Images

Geography

Many national marketers tailor their offerings to appeal to consumers who live in different parts of the country. For example, calling someone a 'cockroach' is hardly a term of endearment, but during State of Origin time proud New South Wales fans willingly identify with the term 'cockroach', just as Queenslanders proudly call themselves 'cane toads'.

Service extension through mobile phone innovation capitalises on geography to link consumers into **location-based services (LBS)** and promotional offers. Banks are developing this service extension to inform members about the nearest ATM (automatic teller machine) in their location, and mobile users can even use the device to locate a friend—Snapchat exploited connections between friends and geography when it launched a recent update that enables users to see the location of Snapchat Friends (www.snapchat.com). The combination of mobile devices and geography is creating a raft of new services for industries such as health, in-store object searches and entertainment.

RELATIONSHIP MARKETING: BUILDING BONDS WITH CONSUMERS

relationship marketing

A strategic perspective that stresses the long-term human side of buyer–seller interactions.

Marketers are carefully defining customer segments and listening to people in their markets as never before. Many have realised that a key to success is building relationships between brands and customers that last a lifetime. Marketers who believe in this philosophy, called **relationship marketing**, interact with their customers on a regular basis and give them reasons to maintain a bond with the company over time. This philosophy has also inspired different relationship offerings such as Bendigo Bank's 'personalise my card', which enables users to change the image on their debit and/or credit cards.[28]

database marketing

Tracking consumers' buying habits very closely, and then crafting products and messages tailored precisely to people's wants and needs.

Another evolution in relationship building is being influenced by the digitisation of information and personal data. **Database marketing** involves tracking consumers' buying habits very closely, and then crafting products and messages tailored precisely to people's wants and needs, based on this information. Companies like American Express, Starbucks, Amazon, Coles and Woolworths (and many others) combine and constantly update information from public records and marketing research surveys with data volunteered by consumers themselves when they return warranty cards, enter competitions and purchase online or from catalogues. In this way these companies can build a complex database that fine-tunes their knowledge of what people are buying and how often.[29]

At this very moment (and every moment thereafter until we croak), we are all generating massive amounts of information that holds tremendous value for marketers. You may not see

it, but you are practically buried by data that comes from many sources—sensors that collect climate information, the comments you and your friends make to your favourite social media sites, the credit card transactions you authorise and even the GPS signals in your smartphone that let organisations know where you are pretty much any time, day or night. This incredible amount of information has created a new field that causes tremendous excitement among marketing analysts (and other maths geeks). The collection and analysis of extremely large datasets is known as **big data** and you'll be hearing a lot more about it in the next few years. In a single day, consumers create 2.5 quintillion bytes of data (or 2.5 exabytes). New data pop up so quickly that this number doubles about every 40 months—and 90% of the data in the world today were created in the last 2 years alone. In addition to the huge *volume* of information marketers now have to play with, its *velocity* (speed) enables companies to make decisions in real time that used to take months or years.

It's safe to say that this data explosion will profoundly change the way we think about consumer behaviour. Companies, not-for-profits, political parties and even governments now have the ability to sift through massive quantities of information to enable them to make precise predictions about what products we will buy, what charities we will donate to, what candidates we will vote for and what levers they need to push to make this even more likely to happen. Interestingly, consumers' willingness to share data varies by industry and brand. For example, consumers are more comfortable sharing data with institutions in the financial industry, which is more a reflection of the long history consumers have with giving personal details to financial institutions. By comparison, consumers are less comfortable sharing their personal data with brands in the airline industry. This is because there is less differentiation for consumers between airline brands and consumers regularly have frustrating travel experiences that undermine their sense of trust. Additionally, consumers are less loyal in the travel industry and fly on many different airlines because they select the brand based on price.[30]

Here are a few varied examples that illustrate how big data influence what we know and do:[31]

> **big data**
>
> The collection and analysis of extremely large datasets to identify patterns of behaviour in a group of consumers.

- When they monitor peaks in Google queries for words like *flu* and *fever*, epidemiologists at the Centers for Disease Control and Prevention can identify specific areas of the US that have been hit by flu outbreaks even before the local authorities notice a rise in hospital admissions.
- GE (General Electric) is using data from sensors on machinery (gas turbines and jet engines) to identify ways to improve working processes and reliability.
- Netflix, the entertainment streaming service, has a wealth of data and analytics on the viewing habits of a global consumer base. The company uses these data to make decisions about films and series to commission, based on audience measures for certain areas. For example, Adam Sandler has proven unpopular in the US and UK markets in recent years but Netflix green-lighted four new films with the actor in 2015, armed with the knowledge that his previous work had been successful in Latin America.[32]
- Analysts for US city police departments use massive amounts of crime data to identify hot zones, where an abnormal amount of crime occurs. This intelligence enables them to assign and reassign law enforcement agents exactly where they need them.

MARKETING'S IMPACT ON CONSUMERS

For better or for worse, we all live in a world that is significantly influenced by the actions of marketers. We are surrounded by marketing stimuli in the form of numerous advertisements, stores and products competing for our attention and dollars. Marketers filter much of what we learn about the world, whether through the affluence depicted in glamorous magazines or the roles played by actors in commercials. Ads show us how we should act with regard to recycling, alcohol consumption, the types of houses and cars we might wish to own—and even how to evaluate others based on the products they buy or don't buy. In many ways we

→ Louie the Fly has had a place in pop culture since 1957. When Mortein tried to retire Louie the public outcry resulted in a Facebook page to save him.

Source: Reckitt Benckiser

popular culture

The music, movies, sports, books, celebrities and other forms of entertainment consumed by the mass market.

are also 'at the mercy' of marketers because we rely on them to sell us products that are safe and perform as promised, to tell us the truth about what they are selling, and to price and distribute these products fairly.

Popular culture, consisting of the music, movies, sports, books, celebrities and other forms of entertainment consumed by the mass market, is both a product of and an inspiration for marketers. Our lives are also affected in more far-reaching ways, ranging from how we acknowledge cultural events such as marriage, death or holidays to how we view social issues such as air pollution, gambling and addictions. Whether it's the football grand final (AFL or NRL), Christmas shopping, state elections, newspaper recycling, body piercing, skateboarding or online gaming, marketers play a significant role in our view of the world and how we live in it.

This cultural impact is hard to overlook, although many people do not seem to realise how much marketers influence their preferences for movie and musical heroes; the latest fashions in clothing, food and decorating choices; and even the physical features that they find attractive or ugly in men and women. For example, consider the product icons that companies use to create an identity for their products. Many imaginary creatures and personalities, from Louie the Fly to the M&M® characters (Red, Blue & Yellow), at one time or another have been central figures in popular culture. In fact, it is likely that more consumers could recognise such characters than could identify past presidents, business leaders or artists. Although these figures never really existed, many of us feel as if we 'know' them and they certainly are effective *spokescharacters* for the products they represent.

All the world's a stage

role theory

The perspective that much of consumer behaviour resembles actions in a play.

Role theory takes the view that much of consumer behaviour resembles actions in a play.[33] As in a play, each consumer has the lines, props and costumes necessary to put on a good performance. Because people act out many different roles, they sometimes alter their consumption decisions depending on the particular 'play' they are in at the time. The criteria they use to evaluate products and services in one of their roles may be quite different from those used in another role. That's why it's important for marketers to provide each of us 'actors' with the props we need to play all of our varied roles: these might include 'up-and-coming executive', 'geek', 'bogan' or someone's 'BFF' (best friend forever).

One of the fundamental premises of the modern field of consumer behaviour is that people often buy products not for what they do, but for what they mean. This principle does not imply that a product's basic function is unimportant but rather that the roles products play in our lives extend well beyond the tasks they perform. The deeper meanings of a product may help it to stand out from other, similar goods and services—all things being equal, people

will choose the brand that has an image (or even a personality!) consistent with their underlying needs. For example, although most people probably couldn't run faster or jump higher if they were wearing Nike shoes instead of Adidas, many die-hard loyalists swear by their favourite brand. These archrivals are largely marketed in terms of their images—meanings that have been carefully crafted with the help of legions of rock stars, athletes, slickly produced commercials and many millions of dollars. So, when you buy a Nike 'swoosh' you may be doing more than choosing shoes to wear, you may also be making a lifestyle statement about the type of person you are or wish you were. For a relatively simple item made of leather and laces, that's quite a feat!

Our allegiances to shoes, musicians or even soft drinks help us define our place in modern society, and these choices also help each of us to form bonds with others who share similar preferences. This comment by a participant in a focus group captures the curious bonding that can be caused by consumption choices: 'I was at a party, and I picked up an obscure drink. Somebody else across the room went "yo!" because he had the same thing. People feel a connection when you're drinking the same thing.'[34]

As we have already seen, one trademark of marketing strategies today is an emphasis on building relationships with customers. The nature of these relationships can vary but the bonds help us to understand some of the possible meanings that products have for us. Here are some of the types of relationships a person might have with a product:

- *Self-concept attachment.* The product helps to establish the user's identity.
- *Nostalgic attachment.* The product serves as a link with a past self.
- *Interdependence.* The product is a part of the user's daily routine.
- *Love.* The product elicits emotional bonds of warmth, passion or other strong emotion.[35]

Today's consumers seek out brands and products for their functionality and performance, but also for their experiential elements, which can also engage consumers in fantasy, role-play and hedonism as a way to cope with everyday life pressures, or to just have fun. This perspective views consumption as an activity in which people use products and services in a variety of ways. Focusing on something like a sports event is also a useful reminder that, when we refer to consumption, we are talking about intangible experiences, ideas and services (the thrill of a close match or the antics of a team mascot) in addition to tangible objects (stadium food). Douglas Holt's typology of consumption practices identified four distinct approaches to consuming:[36]

- *Consuming as experience.* An emotional or aesthetic reaction to consumption of objects. This includes reactions such as the pleasure derived from learning how to mark a scorecard or appreciating the athletic ability of a favourite player.
- *Consuming as integration.* Learning and manipulating consumption objects to express aspects of the self or society. For example, some fans wear club jerseys to express their solidarity with the team. Attending the game in person rather than watching it on TV allows fans to integrate their experience more completely with that of the team.
- *Consuming as classification.* The activities that consumers engage in to communicate their association with objects—both to self and to others. For example, spectators might buy souvenirs to demonstrate to others that they are die-hard fans.
- *Consuming as play.* Consumers use objects to participate in a mutual experience and merge their identities with that of a group. For example, happy fans might scream in unison and engage in the Mexican wave or 'high fives' when their team scores. This is a different dimension of shared experience from watching the game at home alone.

What do we need–*really*?

A recent large survey explored some profound questions: How can we predict whether someone will be happy? How does that feeling relate to living a meaningful life? The researchers concluded that happiness is linked to satisfying wants and needs, whereas meaningfulness relates to activities that express oneself and impact others in a positive way. Not surprisingly, people whose needs were satisfied were happier, but the findings went beyond that connection:

- Happiness was linked to being a taker rather than a giver, whereas meaningfulness went with being a giver rather than a taker. Happy people are more likely to think in the present rather than dwelling on the past or contemplating the future.
- Respondents who reported higher levels of worry, stress and anxiety were less happy but had more meaningful lives. They spent a lot of time thinking about past struggles and imagining what might happen in the future. They were likely to agree that taking care of children and buying gifts for others are a reflection of who they are.
- The researchers concluded that 'happiness without meaning characterizes a relatively shallow, self-absorbed or even selfish life, in which things go well, needs and desires are easily satisfied, and difficult or taxing entanglements are avoided'.[37]

The distinction between a 'happy' life and a 'meaningful' life brings up an important question: What is the difference between needing something and wanting it? The answer to this deceptively simple question actually explains a lot of consumer behaviour! A **need** is something a person must have to live or to achieve a goal. A **want** is a specific manifestation of a need that personal and cultural factors determine. For example, hunger is a basic need that all of us must satisfy; a lack of food creates a tension state that a person is motivated to reduce. But the way he or she chooses to do that can take a lot of forms: one person's dream meal might include a cheeseburger, fries and double-chocolate shake, whereas another might go for sushi followed by vegan and gluten-free chocolate cake balls.

need

Something a person must have to live or to achieve a goal.

want

The particular form of consumption chosen to satisfy a need.

THE GLOBAL 'ALWAYS ON' CONSUMER

Today many of us take for granted things that our grandparents only dreamed about. We instantly access people, places and products with a click on a link. Many consumers travel to remote countries in a day rather than the weeks or months our ancestors needed, if they ever left their places of birth at all. The majority of us now live in urban centres that bustle with people from many countries and that offer exotic foods from around the world.

This concentration in urban centres, combined with population growth in developing countries and increasing demands for modernisation by billions of people in booming economies such as China, India and Brazil, is both a blessing and a curse. Quality of life for many everyday citizens is better than even the elite who lived several centuries ago (even kings only bathed once a month). On the other hand, millions live in squalor, children around the world go to bed hungry and we all feel the effects of unbridled growth in the form of pollution of our air, soil and water. As you'll see later in the book, all of these issues relate directly to our understanding of consumer behaviour—and to the impact companies and customers have on our future and the world that we will leave to our children.

THE DIGITAL NATIVE

It's fair to say that 24/7 access to smartphones and other social media devices has kindled a fascination among many of us with documenting *exactly* what we're doing and sharing the exciting news with others. A meal in a nice restaurant doesn't get touched until the diner posts a photo of it on Instagram. You may not learn that the person you're dating has broken up with you until you see they have changed their relationship status on Facebook. Today

MARKETING PITFALL
Using fear, guilt and shame in government advertising: does it work?

Social marketing by government involves drawing together an integrated system of legal and regulatory processes, enforcement and public education—typically in the form of mass media advertising. The Australian Government invests heavily in using advertising to persuade consumers to change negative behaviours, such as drinking and driving, making poor food choices that lead to obesity and diabetes, and binge drinking, as well as using advertising to try to motivate Australian citizens to engage in positive behaviours such as organ donation and physical activity. The Australian Government typically invests between $115 million and $120 million per year in advertising and prevention campaigns. Many of these campaigns, particularly those targeting youth and problem behaviours such as speeding, drink-driving, drugs and smoking, use negative appeals such as fear, guilt and shame to motivate Australians to change their behaviour. An important question, which to date has not been satisfactorily answered, is: Do these negative campaigns actually change problem consumer behaviours? When looking at some of the statistics on the sustained levels of smoking and binge drinking across population groups in Australia, plus the rising obesity rates, some commentators have pointed out that using negative appeals is having little impact, at least for complex social problems such as obesity and binge drinking.

The research evidence on the effectiveness of fear and other negative emotions is mixed. Social marketers favour using fear-arousing threat appeals so that they illustrate to the target audience, binge drinkers for example, the negative outcomes they might experience as a result of engaging in the depicted unsafe behaviour. Negative appeals are also hypothesised to work because they create an emotional imbalance in target individuals, which can be rectified by engaging in the campaign's featured (desired) behaviour (e.g. not drinking and driving). Social marketers hope that by creating discomfort people will be motivated to act (or not) to decrease the feeling of discomfort. However, when a targeted consumer feels uncomfortable, they might find alternative ways to reduce their sense of discomfort—the easiest being to simply stop watching the ad. Yet others might think about the negative consequences and create a list of counter arguments to discredit the health and social claims made in the ad. And some people enjoy the shock and gruesome imagery and simply feel entertained by the ad.

Researchers on shock advertising recommend its use because shocking communications can have positive effects on attention, memory and behaviour. They caution, however, that when using shock to directly violate norms it must be done responsibly. While some audiences will respond and approve of the shocking advertising, others will judge it as being offensive and vulgar.

Source: 'Australian government advertising spend falls' (2010), <www.smos.gov.au/media/2010/mr_402010.html> accessed 27 January 2012; DW Dahl, KD Frankenberger & RV Manchandra, 'Does it pay to shock? Reactions to shocking and nonshocking advertising content among university students', *Journal of Advertising Research*, September 2003: 268–80.

you can even wear a tiny camera called the *Narrative Clip* that automatically snaps a photo every 30 seconds for those who feel the need to post an ongoing documentary of their everyday movements for posterity.[38]

There's little doubt that the digital revolution is one of the most significant influences on consumer behaviour. The impact of the Web has benchmarked a change in online interactivity that has resulted in new styles of participatory culture where private individuals act as more than simply consumers of information—they also act as contributors, co-creators and **prosumers**. Many of us are avid internet surfers, and it's hard to imagine a time when texting, tweeting, Facebooking or pinning favourite items on Pinterest weren't an accepted part of daily life. Many of us are turning into prosumers and avid social networkers focused on sharing our ideas and personal stories online.

In the marketplace, digital marketing has increased convenience by breaking down many of the barriers caused by time and location. You can shop 24/7 without leaving home, and hardcopy newspapers are almost a thing of the past because so many of us now read the news online. With the increasing number of devices used to connect to the internet—from computers to smartphones to smartwatches (and coming soon your car)—digital connections are ushering in speed and convenience, and creating generational shifts in how consumers live, work, shop and play. This connectivity will drive fundamental shifts across markets. Today's connected consumers browse, buy and review products and services differently from

prosumers

Active consumers who become co-producers of goods and services when they voluntarily involve themselves in product design and manufacturing.

B2C e-commerce

Businesses selling to consumers through electronic marketing.

C2C e-commerce

Consumer-to-consumer activity through the internet.

digital natives

Young people who have grown up with computers and mobile technology; they are comfortable communicating online and by text and IM rather than by voice.

⬇ Digital technology is changing the consumer's shopping journey.

Source: fizkes/Shutterstock; Dragon Images/Shutterstock; courtesy of Productreview.com

previous generations. The hyper-connected consumer navigates the digital marketspace and expects brands to interact with them before, during and after purchase.[39]

It's not all about businesses selling to consumers (**B2C e-commerce**). Our digital connections have created a revolution in consumer-to-consumer activity (**C2C e-commerce**)—welcome to the new world of *virtual brand communities*. Just as digital consumers are not limited to local retail outlets in their shopping, they are not limited to their local communities when looking for friends or fans with similar interests in wine, hip-hop music or skateboarding.

Picture a small group of local collectors who meet once a month at a local café to discuss their shared interests over coffee. Now multiply that group by thousands and include people from all over the world who are united by a shared passion for sports memorabilia, Barbie dolls, Harley-Davidson motorcycles, refrigerator magnets or multiplayer online games (MMOGs) such as *World of Warcraft*. The Web also makes it easy for consumers around the world to exchange information about their experiences with products, services, music, restaurants and movies. The Hollywood Stock Exchange <hsx.com> offers a simulated entertainment share market where traders predict the four-week box office take for each film. Amazon.com encourages shoppers to write reviews of books, and Yelp and TripAdvisor collate consumer reviews and ratings that are more trustworthy to many consumers because 'people just like them' posted a comment about their experience. News reports tell us of the sometimes wonderful and sometimes horrific romances that have begun on the internet as people check out potential mates on sites such as Match.com or OKCupid. In one month, the dating site Plenty of Fish alone had 122 million visits.[40] Or chew on this: today in the US, one-third of married couples met online![41]

If you're a typical student, you probably can't recall a time when the internet was just a static, one-way platform that transmitted text and a few sketchy images. The term **digital native** originated in a 2001 article which described a new type of student who was starting to turn up on campus. These consumers grew up 'wired' in a highly networked, always-on world where digital technology had always existed.[42] Fast-forward a decade: today the internet is the backbone of our society. Widespread access to devices like personal computers, digital video and audio recorders, webcams and smartphones ensures that consumers of practically any age and who live in virtually any part of the world can create and share content. But information doesn't just flow from big companies or governments down to the people; today each of us can communicate with huge numbers of people through a simple post on a personal social networking site, via email, posting a comment on a blog or tweeting.

In today's *consumerspace*, marketing and consumers coexist in a network of public and private relationships where boundaries between online and offline life are blurred. Social media has become the online means of communication, conveyance, collaboration and cultivation among interconnected and interdependent networks of people, communities and organisations enhanced by technological capabilities and mobility. The internet and its related technologies have shaped Web 3.0—or what is known as the *semantic web*—and make what we know today as social media possible and prevalent. Almost 80% of the world's internet user base are active social media users, which creates a new *social commerce market* of consumers willing to engage in online reviews and transactions. Today, social media has become the crossroads for many forms of interactions carried out by digital consumers. The Chinese

Pre Purchase

Purchase

Post Purchase
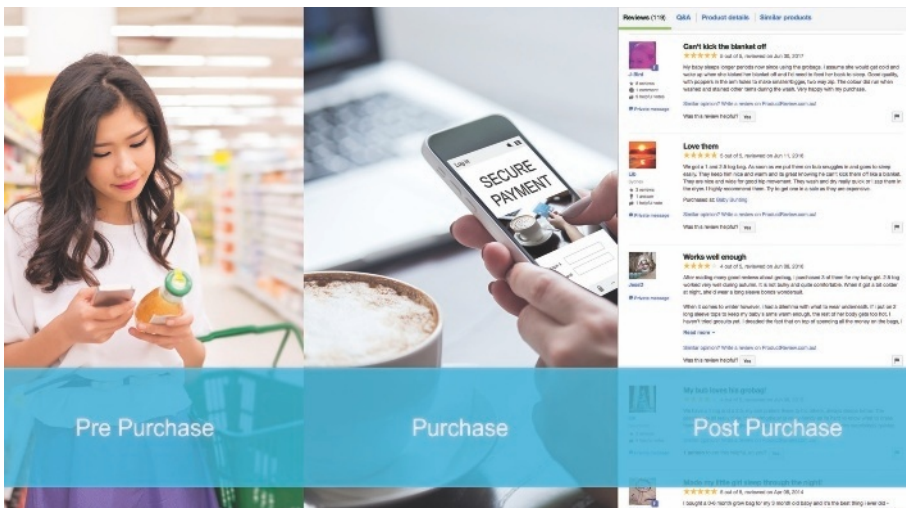
← On-demand, hyper-local delivery services add a personal touch to the food delivery service in the digital era.

Source: Andrey Popov/Shutterstock

social commerce market is well ahead of the West in terms of maximising its internet user base for e-commerce and social media integration. Chinese social media users tend to be older, between 25 and 40 years old, the demographic with the strongest purchasing power.[43]

As our trust and use of internet-connected devices continue to grow, so too do our digital consumer behaviours. Smartphones have emerged as a must-have device for consumers globally and have become the default screen for brand engagement and digital commerce transactions.[44] This connectivity is a key driver in 'reinventing' the consumer shopping journey, which today involves not just making a transaction, but also relationship building. At the pre-purchase stage consumers browse and compare products on their smartphone, check out consumer reviews and then move on to purchasing. Purchasing today has many formats—both in and outside the retail outlet—and how we pay has changed as well. We are becoming a cashless society and banks are paving the way with new app payment innovations and wearable payment technology solutions,[45] as well, of course, as Apple Pay. While growth in internet retail has boomed, the market for store-based retailing remains strong, with store sales still five times larger than internet retailing in 2016.[46] Even delivery is being reimagined through a range of services that include on-demand hyper-local delivery (Instacart), customer-scheduled delivery times (Peapod), curated selections for review and a range of click-and-collect options (on and offline).

These are all exciting digital consumer trends, especially because social media platforms enable: a *participatory culture*; a belief in democracy; the ability to freely interact with other people, companies and organisations; open access to venues that allow users to share content ranging from simple comments to reviews, ratings, photos, stories and more; and the power to build on the content of others from your own unique point of view. Of course, just like democracy in the real world, we have to take the bitter with the sweet. There are plenty of unsavoury things happening on the Web and via social media, and the hours people spend on Facebook, on online gambling sites or in virtual worlds like *World of Warcraft* have led to divorce, bankruptcy and jail in the real world.

CONSUMER BEHAVIOUR AS A FIELD OF STUDY

By now it should be clear that the field of consumer behaviour encompasses many things, from the simple purchase of a carton of milk to the selection of a complex networked computer system, from the decision to donate money to a charity to devious plans to rip off a company.

There's a great deal to understand, and many ways to go about it. Although people have been consumers for a long time, it is only recently that consumption itself has been the object of formal study. Although many business schools now require marketing students to take a consumer behaviour course, most universities did not offer such a course until the 1970s.

WHERE DO WE FIND CONSUMER RESEARCHERS?

Just about anywhere we find consumers. Consumer researchers work for manufacturers, retailers, marketing research companies, governments and not-for-profit organisations, and of course colleges and universities. You'll find them running sophisticated experiments in laboratories that involve advanced neural imaging machinery or interviewing shoppers in shopping centres. They may conduct focus groups or run large-scale polling operations. For example, when an advertising agency began to work on a new campaign for retailer JCPenney, it sent staffers to hang out with more than 50 women for several days. They wanted to really understand the respondents' lives, so they helped them to clean their houses, carpool, cook dinner and shop. As one of the account executives observed, 'If you want to understand how a lion hunts, you don't go to the zoo—you go to the jungle.'[47]

Researchers work on many types of topics, from everyday household products and high-tech installations to professional services, museum exhibits and public policy issues such as the effect of advertising on children. Indeed, no consumer issue is too sacred—some intrepid investigators bravely explore 'delicate' categories like incontinence products and birth control devices. The marketing director for Trojan condoms notes that, 'Unlike laundry, where you can actually sit and watch people do their laundry, we can't sit and watch them use our product.' For this reason Trojan relies on clinical psychologists, psychiatrists and cultural anthropologists to understand how men relate to condoms.[48]

INTERDISCIPLINARY INFLUENCES ON THE STUDY OF CONSUMER BEHAVIOUR

Many different perspectives shape the field of consumer behaviour. Indeed, it is hard to think of an area that is more interdisciplinary. People with training in a very wide range of disciplines—from psychophysiology to literature—can now be found doing consumer research. Universities, manufacturers, museums, advertising agencies and governments employ consumer researchers. Several professional groups, such as the Association for Consumer Research and the Society for Consumer Psychology, have been formed since the mid-1970s.

To gain an idea of the diversity of interests of people who do consumer research, consider the list of professional associations in the US that sponsor the field's major journal, the *Journal of Consumer Research*: the American Association of Family and Consumer Sciences, the American Statistical Association, the Association for Consumer Research, the Society for Consumer Psychology, the International Communication Association, the American Sociological Association, the Institute of Management Sciences, the American Anthropological Association, the American Marketing Association, the Society for Personality and Social Psychology, the American Association for Public Opinion Research and the American Economic Association. That's a pretty mixed bag, and that's just the US influences. Other countries also have their own groups.

So, with all these researchers from diverse backgrounds interested in consumer behaviour, which is the 'correct' discipline to investigate these issues? You might remember the children's story about the blind men and the elephant. The gist of the story is that each man touched a different part of the animal and, as a result, the descriptions each gave of the elephant were quite different. This analogy applies to consumer research as well. A given consumer phenomenon can be studied in different ways and at different levels depending on the training and interests of the researchers studying it. Table 1.1 illustrates how a 'simple' topic like magazine usage can be approached in many different ways.

TABLE 1.1 Interdisciplinary research issues in consumer behaviour	
DISCIPLINARY FOCUS	**MAGAZINE USAGE SAMPLE RESEARCH ISSUES**
Experimental psychology: product role in perception, learning and memory processes	How specific aspects of magazines, such as their design or layout, are recognised and interpreted; which parts of a magazine are most likely to be read
Clinical psychology: product role in psychological adjustment	How magazines affect readers' body images (e.g. do thin models make the average woman feel overweight?)
Microeconomics/human ecology: product role in allocation of individual or family resources	Factors influencing the amount of money spent on magazines in a household
Social psychology: product role in the behaviour of individuals as members of social groups	Ways that ads in a magazine affect readers' attitudes towards the products depicted; how peer pressure influences a person's readership decisions
Sociology: product role in social institutions and group relationships	Pattern by which magazine preferences spread through a social group (e.g. a women's club)
Macroeconomics: product role in consumers' relationships with the marketplace	Effects of the price of fashion magazines and the expense of items advertised during periods of high unemployment
Semiotics/literary criticism: product role in the verbal and visual communication of meaning	Ways in which underlying messages communicated by models and ads in a magazine are interpreted
Demography: product role in the measurable characteristics of a population	Effects of age, income and marital status of a magazine's readers
History: product role in societal changes over time	Ways in which our culture's depictions of 'femininity' in magazines have changed over time
Cultural anthropology: product role in a society's beliefs and practices	Ways in which fashions and models in a magazine affect readers' definitions of masculine versus feminine behaviour (e.g. the role of working women, sexual taboos)

Figure 1.2 provides a glimpse of some of the disciplines working in the field and the level at which each approaches research issues. These diverse disciplines can be roughly characterised in terms of their focus on micro versus macro consumer behaviour topics. The fields closer to the top of the pyramid concentrate on the individual consumer (micro issues) while those towards the base are more interested in the aggregate activities that occur among larger groups of people, such as consumption patterns shared by members of a culture or subculture (macro issues).

TWO PERSPECTIVES ON CONSUMER RESEARCH

One general way to classify consumer research is in terms of the fundamental assumptions the researchers make about what they are studying and how to study it. This set of beliefs is known as a **paradigm**. As in other fields of study, consumer behaviour is dominated by a paradigm, but some believe it is in the middle of a paradigm shift, which occurs when a competing paradigm challenges the dominant set of assumptions.
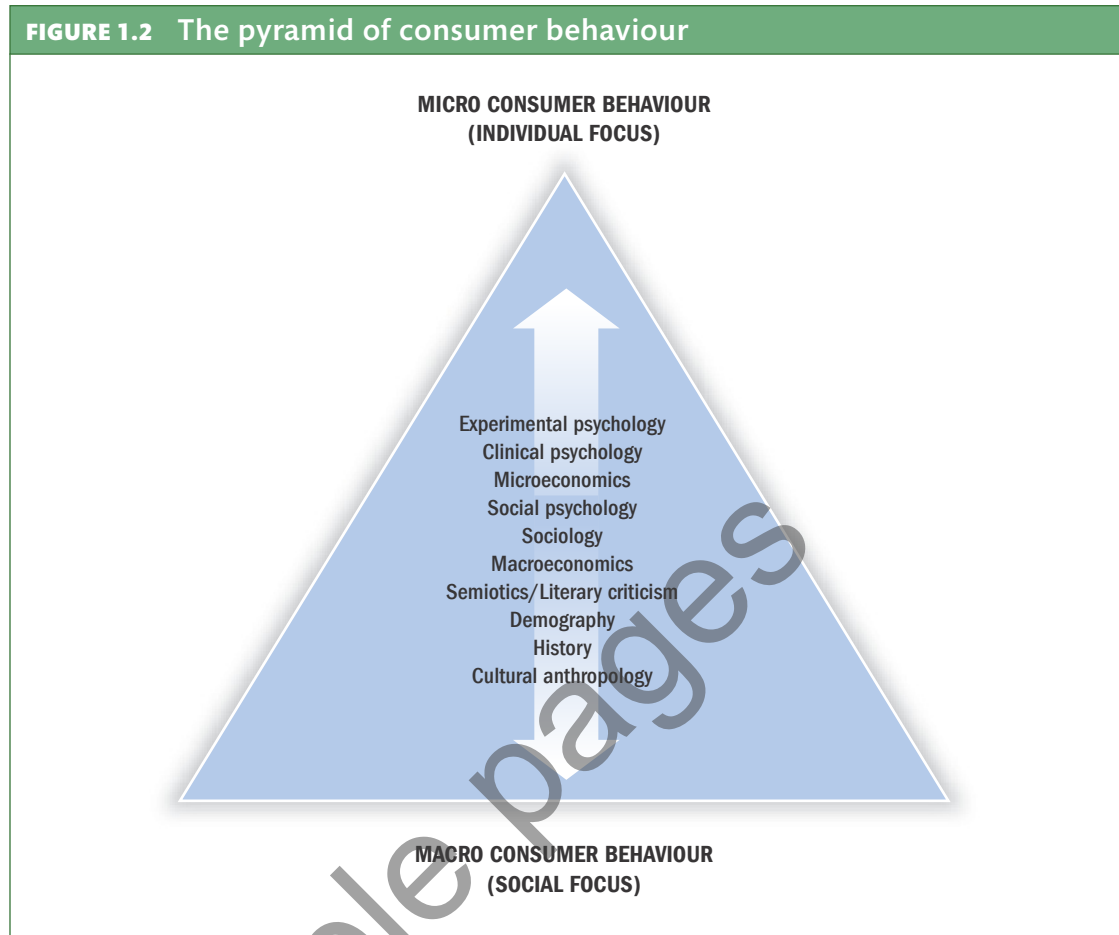
The basic set of assumptions underlying the current dominant paradigm is called **positivism** (or sometimes *modernism*). This perspective has significantly influenced Western art and science since the late 16th century. It emphasises that human reason is supreme and that there is a single, objective truth that can be discovered by science. Positivism encourages

paradigm

A widely accepted view or model of phenomena being studied.

positivism

A research perspective that relies on principles of the 'scientific method' and assumes that a single reality exists.

FIGURE 1.2 The pyramid of consumer behaviour

MICRO CONSUMER BEHAVIOUR
(INDIVIDUAL FOCUS)

Experimental psychology
Clinical psychology
Microeconomics
Social psychology
Sociology
Macroeconomics
Semiotics/Literary criticism
Demography
History
Cultural anthropology

MACRO CONSUMER BEHAVIOUR
(SOCIAL FOCUS)

us to stress the function of objects, to celebrate technology and to regard the world as a rational, ordered place with a clearly defined past, present and future.

The emerging paradigm of **interpretivism** (or *postmodernism*) questions these assumptions.[49] Proponents of this perspective argue that there is too much emphasis on science and technology in our society, and that this ordered, rational view of behaviour denies the complex social and cultural world in which we live. Others feel that positivism puts too much emphasis on material well-being and that its logical outlook is directed by an ideology that stresses the homogeneous views of a culture dominated by (dead) white males. And, as you'll see in Chapter 2, some adherents to this view also believe that researchers should not just study consumer issues, but act on them as well.

Interpretivists instead stress the importance of symbolic, subjective experience and the idea that meaning is in the mind of the person—that is, we each construct our own meanings based on our unique and shared cultural experiences, so there are no right or wrong answers. In this view, the world in which we live is composed of a **pastiche** or mixture of images.[50] The value placed on products because they help us to create order in our lives is replaced by an appreciation of consumption as offering a set of diverse experiences. The major differences between these two perspectives on consumer research are summarised in Table 1.2.

An interpretative framework for understanding marketing communications can be illustrated by an analysis of one of the best known and longest running (1959–78) advertising campaigns of all time: the work done by the advertising agency Doyle Dane Bernbach for the Volkswagen Beetle. This campaign, widely noted for its self-mocking wit, found many ways to turn the Beetle's homeliness, smallness and lack of power into positive attributes at a time

interpretivism

As opposed to the dominant positivist perspective on consumer behaviour, interpretivism instead stresses the importance of symbolic, subjective experience and the idea that meaning is in the mind of the person rather than existing 'out there' in the objective world.

pastiche

Mixture of images.

TABLE 1.2 Positivist versus interpretivist approaches to studying consumer behaviour		
	POSITIVIST APPROACH	**INTERPRETIVIST APPROACH**
Nature of reality	Objective, tangible	Socially constructed
Goal	Single prediction	Multiple understanding
Relevance of context	Findings are generally assumed to be generalisable across contexts and cultures	Findings are generally assumed to be specific to time, place, people and culture studied
View of causality	Existence of real causes	Multiple, simultaneous shaping events
Position of the researcher	Researcher is at arm's length—tries to be 'invisible' and relies on responses to structured measures or choices	Researcher is the research instrument—using skills and rapport to gain insights based on trust
	Researcher establishes separation between researcher and participant(s)	Researcher creates an interactive and cooperative engagement with participant(s)
Nature of data	Typically consumer responses are distilled into numerical scores	Typically visual, textual and verbal evidence, in rich detail

Source: Adapted from R Belk, E Fischer & RV Kozinets, *Qualitative consumer & marketing research.* Los Angeles: Sage 2013; LA Hudson & JL Ozanne, 'Alternative ways of seeking knowledge in consumer research', *Journal of Consumer Research*, 1988, 14(4): 508–21.

when most car ads were emphasising just the opposite. An interpretative analysis of these messages would use concepts from literature, psychology and anthropology to ground the appeal of this approach within a broader cultural context. The image created for the humble car would then be connected to other examples of what scholars of comedy call the 'Little Man' pattern. This is a type of comedic character that is related to a clown or a trickster, a social outcast who is able to poke holes in the stuffiness and rigidity of bureaucracy and conformity.

In recent years the interpretivist focus has gained momentum and although it's still not the dominant focus of consumer researchers, it's quite commonplace to see research studies that adhere to this perspective, or its current incarnation often referred to as **consumer culture theory (CCT)**. This label refers generally to research that regards consumption from a social and cultural point of view rather than more narrowly as an economic exchange. CCT studies embrace a variety of topics that range from how the media shapes our conceptions of our bodies or how underprivileged people cope with poverty to how Harley-Davidson riders participate in an active community of bike lovers.[51]

consumer culture theory (CCT)

The study of consumption from a cultural perspective rather than a psychological or an economic focus.

SHOULD CONSUMER RESEARCH HAVE AN ACADEMIC OR AN APPLIED FOCUS?

Many regard the field of consumer behaviour as an applied social science. Accordingly, the value of the knowledge generated should be judged in terms of its ability to improve the effectiveness of marketing practice. However, some researchers have argued that consumer behaviour should not have a strategic focus at all; it should instead focus on the understanding of consumption for its own sake, and not the idea that marketers can apply this knowledge to make a profit.[52] Most consumer researchers do not hold this rather extreme view, but it has encouraged many to expand the scope of their work beyond the field's traditional focus on the purchase of consumer goods such as food, appliances and cars, to embrace social problems such as homelessness or preserving the environment. Certainly, it has led to some fiery debates among people working in the field!

CB AS I SEE IT: Future directions in consumer research

Julie Ozanne, *University of Melbourne*

If you want to make the world a better place, then understanding consumers' behaviour is important. Consumption lies at the heart of the most important problems facing the global community. In economically developed countries, we are drowning in a sea of things that are depleting our limited global resources at an alarming rate. We are overconsuming food and raising a generation of overweight and unhealthy children. We are engaging in risky consumption behaviours, such as smoking, drinking and gambling. Yet most of the people in the world face limited consumption opportunities and struggle to meet even basic nutritional needs.

Transformative consumer research is a growing movement of consumer researchers who want to improve consumer well-being. Transformative consumer researchers engage in rigorous research to understand the nature of pressing social problems. But then they seek to move outside the university to forge alliances with external stakeholders who can build programs of social change to improve quality of life. Consumer researchers stand in a unique position because they understand and respect the interests of both consumers and businesses. Thus, they have the potential to act as honest brokers working with consumer interest groups, public policy makers and business leaders to foster positive social transformation.

This is an exciting time in which to create new models of business and new forms of consumption that are more sustainable and can strengthen our communities. Nobel Peace Prize winner Muhammad Yunus envisioned offering microcredit loans to poor consumers who wanted to start their own businesses, which is a new model of consumer financing that has literally pulled millions of people out of poverty. New models of collaborative consumption are also being created. Paris encourages bike-sharing by distributing bikes throughout the city and does not charge for the first half-hour of rental so that short trips are free. Similarly, car sharing, in which a fleet of cars is collectively owned, has grown in popularity worldwide. My own research examines how new forms of consumer trading can create more resilient communities, particularly when facing disasters. Time banking is a consumer exchange system where people trade their time rather than money. If a time bank member gives an hour of gardening, for example, this generates an hour to be cashed in for another service, like getting computer help. This creates an egalitarian market where everyone can trade and exchange labour on an equal footing. A time bank in Lyttelton, New Zealand built up a local marketplace of hundreds of members' skills and abilities. In September 2010, this time bank of skills was invaluable when a series of huge earthquakes rocked the city of Christchurch and nearby Lyttelton. The community was able to tap into this marketplace of skills to meet people's immediate needs during the disaster, such as clearing debris, delivering food and water, and providing emotional support. But equally importantly, these skills were leveraged in the months and years of community rebuilding, such as helping with home repairs and finding accommodation for those people left homeless. Although important challenges face the global community, we also have the ability to network resources in new ways for enhancing personal and community resilience.

Source: B Davis, JL Ozanne & RP Hill, 'The transformative consumer research movement', *Journal of Public Policy & Marketing*, 2016, 35(2): 159–69; LK Ozanne & JL Ozanne, 'How alternative consumer markets can build community resiliency', *European Journal of Marketing*, 2016, 50(3/4): 330–57.

CONSUMERS' EMOTIONS, COGNITIONS AND BEHAVIOURS

Consumers have typically been assumed to purchase products based on functional and purposeful decision making. This is reflected in the research focus of the 1980s and 1990s on information search and consumer decision making. In the mid-1990s, however, marketing researchers realised that many consumers exhibited behaviours that were not well explained by these theories and began investigating.[53] Researchers interested in studying consumer **cognitions**, which involves the acquisition, storage, transformation and use of information, could not easily explain other consumer behaviour such as the important role of how learning and memory also influence consumer cognition. Additionally, while the five-stage decision-making approach (a cognitive approach) might explain the first purchase of a car, it does not explain why a person would buy a lottery ticket on impulse. Researchers have subsequently turned to behavioural and emotion-based theories to explain many consumer behaviours, and have realised that consumers use different processes for different products in different

cognitions

The beliefs a consumer has about an attitude object.

contexts. In this book, we include cognitive (thinking), emotional (feeling) and behavioural (actions) approaches to consumer behaviour.

TAKING IT FROM HERE: THE PLAN OF THE BOOK

This book covers many facets of consumer behaviour, and many of the research perspectives described briefly in this chapter are highlighted in later chapters. The plan of the book is simple: it goes from micro to macro. Think of it as a sort of photograph album of consumer behaviour: each chapter provides a 'snapshot' of consumers, but the lens used to take each picture gets successively wider. The book begins with issues related to the individual consumer and expands its focus until it eventually considers the behaviours of large groups of people in their social settings. The topics to be covered correspond to the wheel of consumer behaviour presented in Figure 1.3.

First we focus on the crucially important topic of consumer well-being in Chapter 2 as we consider some of the consequences of our decisions for our environment and ourselves. In Section 2 we dive deeper into the facets of individual consumer behaviour at the most micro level. In these chapters we examine how individuals receive information from their immediate environment and how this material is learned, stored in memory and used to form and modify individual attitudes—both about products and about one's self. In Section 3 we zoom in on how exactly we choose products and services from a field of competitors and how we decide to purchase, use and even dispose of these products. Finally in Section 4 we expand the lens to consider external influences on these decisions such as the groups to which we belong and the opinions of others we access via both traditional and new media. Additionally, this section includes discussion of the macro-level influences on consumer behaviour and examines the relationship of marketing to the expression of cultural values and lifestyles, how products and services are related to rituals and cultural myths, and the interface between marketing efforts and the creation of art, music and other forms of popular culture that are so much a part of our daily lives.

FIGURE 1.3   The wheel of consumer behaviour

Learning snapshot

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

- Consumer behaviour theory is used by marketers and advertisers to gain an insight into both commercial and social interactions that evolve from consumers' everyday decisions and lifestyle practices.

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

- The Web and social media are transforming the way consumers interact with companies and with each other. Online commerce allows us to locate obscure products from around the world, and consumption communities provide forums for people to share opinions and product recommendations. The benefits are accompanied by potential problems, including the loss of privacy and the deterioration of traditional social interactions as people spend more time online.

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

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

Consumer behaviour challenge

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

2 What aspects of consumer behaviour would interest a financial planner? A university administrator? A graphic arts designer? A social worker in a government agency? A nursing instructor?

3 Some researchers believe that the field of consumer behaviour should be a pure rather than an applied science. That is, research issues should be framed in terms of their scientific interest rather than their

applicability to immediate marketing problems. Give your views on this issue.

4 Name some products or services that are widely used by your social group. State whether you agree or disagree with the notion that these products help to form group bonds, supporting your argument with examples from your list of products used by the group.

5 Although demographic information on large numbers of consumers is used in many marketing contexts, some people believe that the sale of data on customers' incomes, buying habits and so on constitutes an invasion of privacy and should be stopped. Comment on this issue from both a consumer's and a marketer's point of view.

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

7 State the differences between the positivist and interpretivist approaches to consumer research. For

each type of enquiry, give examples of product dimensions that would be more usefully explored using one type of research over the other.

8 Do marketers have the ability to control our desires or the power to create needs? Is this situation changing as the internet creates new ways to interact with companies? If so, how?

9 Critics of targeted marketing strategies argue that this practice is discriminatory and unfair, especially if such a strategy encourages a group of people to buy a product that may be injurious to them or that they cannot afford. For example, community leaders in largely minority neighbourhoods have staged protests against billboards promoting beer or cigarettes in these areas. What are your views regarding this issue?

10 This chapter discussed a study that compared and contrasted people who lead 'happy' versus 'meaningful' lives. How does this distinction relate to the way you decide to spend your time and money? How does it relate to consumer behaviour more generally?[54]

Notes

1 E Goffman, *The presentation of self in everyday life*, New York: Doubleday, 1959; GH Mead, *Mind, self and society*, Chicago: University of Chicago Press, 1934; MR Solomon, 'The role of products as social stimuli: a symbolic interactionism perspective', *Journal of Consumer Research*, 1983, 10: 319–29; SL Vargo, K Koskela-Huotari, S Baron, B Edvardsson, J Reynoso & M Colurcio, 'A systems perspective on markets: toward a research agenda', *Journal of Business Research*, 2017, 79: 260–8.

2 CK Prahalad & V Ramaswamy, 'Co-creation experiences: the next practice in value creation', *Journal of Interactive Marketing*, 2004, 18(3): 5–14; DB Clarke, MA Doel & KML Housiaux, *The consumption reader*, London: Routledge, 2003; E Arnould & C Thompson, 'Consumer culture theory (CCT): twenty years of research', *Journal of Consumer Research*, 2005, 31: 868–82.

3 N Waldegrave, 'Move over hipsters, the "Yuccies" are coming!' *B&T*, 10 July 2015 <www.bandt.com.au/marketing/move-over-hipsters-the-yuccies-are-coming> accessed 24 September 2017.

4 T Dejmanee, '"Food porn" as postfeminist play: digital femininity and the female body on food blogs', *Television & New Media*, 2016, 17(5): 429–48.

5 JN Sheth & C Uslay, 'Implications of the revised definition of marketing: from exchange to value creation', *Journal of Public Policy & Marketing*, 2007, 26(2): 302–7; for an overview, see EJ Arnould & CJ Thompson, 'Consumer culture theory (CCT):

twenty years of research', *Journal of Consumer Research*, 2005, 31: 868–82.

6 SL Vargo, PP Maglio & MA Akaka, 'On value and value co-creation: a service systems and service logic perspective', *European Management Journal*, 2008, 26: 145–52.

7 G Coskuner-Balli & CJ Thompson, 'The status costs of subordinate cultural capital: at-home fathers' collective pursuit of cultural legitimacy through capitalising consumption practices', *Journal of Consumer Research*, 2013, 40: 19–41; J Schouten & J McAlexander, 'Subcultures of consumption: an ethnography of new bikers', *Journal of Consumer Research*, 1995, 22: 43–61.

8 CK Prahalad & V Ramaswamy, 'Co-creation experiences: the next practice in value creation', *Journal of Interactive Marketing*, 2004, 18(3): 5–14.

9 S Milbrath, 'Co-creation: 5 examples of brands driving customer-driven innovation', <www.visioncritical.com/5-examples-how-brands-are-using-co-creation> accessed 24 September 2017.

10 J Howe, 'The rise of crowdsourcing', *Wired Magazine*, June 2006.

11 Crowdrise <www.crowdrise.com>; Threadless Tees <www.threadless.com>; Idea Storm <www.ideastorm.com> accessed 26 January 2012.

12 G Anders, 'Web giants Amazon, eToys bet on opposing market strategies', *Wall Street Journal Interactive Edition*, 2 November 1999.

13   'Fast food in Australia', *Euromonitor International*, May 2017.

14   J Neff, 'Study: package-goods brands' consumer bases very small, yet diverse', *Advertising Age*, 8 December 2008 <www.adage.com> accessed 8 December 2008.

15   H Karp, 'Red Bull aims at an older crowd', *Wall Street Journal*, 7 June 2004: B3.

16   'Kinder Bueno unveils "adulating" campaign, saying they're not just for kiddies', *B&T*, 13 September 2017 <www.bandt.com.au/campaigns/kinder-bueno-unveils-adulting-campaign-saying-theyre-not-just-kids> accessed 1 September 2017.

17   K Lindner, 'Images of women in general interest and fashion magazine advertisements from 1955 to 2002', *Sex Roles*, 2004, 51: 409–20.

18   Z Brooke, 'Unilever commits to realistic gender depiction in ads', *American Marketing Association*, 5 August 2016 <www.ama.org/publications/eNewsletters/AMAWorldview/Pages/unilever-commits-to-realistic-gender-depiction-in-ads.aspx> accessed 24 September 2017.

19   CM Schaninger & WD Danko, 'A conceptual and empirical comparison of alternative household life cycle models', *Journal of Consumer Research*, 1993, 19: 580–94; RE Wilkes, 'Household life-cycle stages, transitions and product expenditures', *Journal of Consumer Research*, 1995, 22: 27–42.

20   Jamie's food revolution (19 April 2017), <www.jamiesfoodrevolution.org/news/snap-election-offers-the-uk-a-turning-point/> accessed 25 September 2017.

21   RP Coleman, 'The continuing significance of social class to marketing', *Journal of Consumer Research*, 1983, 10: 265–80.

22   Some Young Punks <www.shop.someyoungpunks.com.au/pages/about-us> accessed 27 January 2012.

23   M Tkacik, 'The worlds of extreme sports and hip-hop are starting to merge', *Wall Street Journal Interactive Edition*, 9 August 2001.

24   <www.masterfoods.com.au/Products/tabid/62/Default.aspx> accessed 27 January 2012.

25   Nielsen Company, 'Culturally diverse and expanding their footprint: the ethnic-Australian consumer report' (May 2017) <www.nielsen.com/content/dam/nielsenglobal/.../nielsen-australia-ethnicity-report.pdf> accessed 25 September 2017.

26   <www.magnumicecream.com/us/en/ice-cream.html> accessed 25 September 2017.

27   P Spenner, 'Inside the millennial mind: the do's and don'ts of marketing to this powerful generation', *Forbes*, 16 April 2014, <www.forbes.com/sites/northwesternmutual/2017/08/29/why-your-accountant-lawyer-and-financial-planner-should-talk/#609002e21cf8>

28   <www.bendigobank.com.au/public/personal/credit-cards/personalise-my-card>

29   RC Blattberg & J Deighton, 'Interactive marketing: exploiting the age of addressability', *Sloan Management Review*, 1991, 331: 5–14.

30   Stev Olenski, 'For consumers, data is a matter of trust', *Forbes*, 18 April 2016 <www.forbes.com/sites/steveolenski/2016/04/18/for-consumers-data-is-a-matter-of-trust/#7cc2e2f78b31> accessed 25 September 2017.

31   L Arthur, *Big data marketing: engage your customers more effectively and drive value*, New York: Wiley, 2013; A McAfee and E Brynjolfsson, 'Big data: the management revolution', *Harvard Business Review*, October 2012 <http://hbr.org/2012/10/big-data-the-management-revolution/ar/1> accessed 21 December 2012; 'Bringing big data to the

enterprise', IBM <www-01.ibm.com/software/data/bigdata> accessed 21 December 2012; G Nunberg, 'Forget YOLO: why "big data" should be the word of the year', *NPR*, 20 December 2012 <www.npr.org/2012/12/20/167702665/geoff-nunbergs-word-of-the-year-big-data> accessed 21 December 2012.

32   <www.icas.com/ca-today-news/10-companies-using-big-data>

33   E Goffman, *The presentation of self in everyday life*, New York: Doubleday, 1959; GH Mead, *Mind, self and society*, Chicago: University of Chicago Press, 1934; MR Solomon, 'The role of products as social stimuli: a symbolic interactionism perspective', *Journal of Consumer Research*, 1983, 10: 319–29.

34   Quoted in 'Bringing meaning to brands', *American Demographics*, June 1997: 34.

35   S Fournier, 'Consumers and their brands: developing relationship theory in consumer research', *Journal of Consumer Research*, 1998, 24: 343–73.

36   DB Holt, 'How consumers consume: a taxonomy of consumption practices', *Journal of Consumer Research*, 1995, 22: 1–16; DB Holt, personal communication, 27 August 1997.

37   RF Baumeister, KD Vohs, JL Aaker & EN Garbinsky, 'Some key differences between a happy life and a meaningful life', *Journal of Positive Psychology*, 2013, 8: 505–16.

38   B Bosker, 'Nice to meet you. I've already taken your picture', *Huffington Post*, 10 February 2014 <www.huffingtonpost.com/2014/02/10/narrative-clip_n_4760580.html?&ncid=tweetlnkushpmg00000046> accessed 22 February 2015.

39   '2016 Digital Consumer Index: identifying the next digital frontier', *Euromonitor International*, October 2016.

40   <www.pof.com/inbox.aspx> accessed 16 December 2012; I Slutsky, 'Get hooked up with the big business of online dating', *Advertising Age*, 14 February 2011 <http://adage.com/article/ad-age-graphics/online-dating-a-a-1-3-billion-market/148845> accessed 7 May 2011.

41   'One-third of married couples in US meet online: study', *New York Daily News*, 4 June 2013 <www.nydailynews.com/life-style/one-third-u-s-marriages-start-online-dating-study-article-1.1362743> accessed 28 February 2015.

42   M Prensky, 'Digital natives, digital immigrants', *On the Horizon*, 2001, 9(5): 1–6.

43   P Marceux 'Social platforms embrace social commerce', *Euromonitor International*, 14 October 2015.

44   'Top five give consumer trends in 2017', *Euromonitor International*, May 2017.

45   Bankwest (31 August 2017) <www.bankwest.com.au/media-centre/product-news/bankwest-to-trial-wearable-payment-technology-1292555395389?yr=0&pid=1266997870976>

46   'Shopping reinvented', *Euromonitor International*, August 2017.

47   S Vranica, 'Ad houses will need to be more nimble, clients are demanding more and better use of consumer data, web,' *Wall Street Journal*, 2 January 2008: B3.

48   J Neff, 'Mucus to maxi pads: marketing's dirtiest jobs, frank talk about diapers and condoms lifts taboos and helps make a difference in consumers' lives, say those in the trenches', *Advertising Age*, 17 February 2009, <www.adage.com> accessed 17 February 2009.

49   For an overview, see EJ Arnould & CJ Thompson, 'Consumer culture theory (CCT): twenty years of research', *Journal of Consumer Research*, 2005, 31: 868–82.

50 A Venkatesh, 'Postmodernism, poststructuralism and marketing', paper presented at the American Marketing Association Winter Theory Conference, San Antonio, February 1992; see also S Proctor, I Papasolomou-Doukakis & T Proctor, 'What are television advertisements really trying to tell us? A postmodern perspective', *Journal of Consumer Behaviour*, 2002, 1: 246–55; A Fuat Firat & A Venkatesh, 'The making of postmodern consumption', in RW Belk & N Dholakia (eds), *Consumption and marketing: macro dimensions*, Boston: PWS-Kent, 1993.

51 EJ Arnould & CJ Thompson, 'Consumer culture theory (CCT): twenty years of research', *Journal of Consumer Research*, 2005, 31: 868–82; RW Belk & JF Sherry (eds), 'Consumer culture

theory', *Research in Consumer Behavior*, 2007, 11 and subsequent volumes.

52 MB Holbrook, 'The consumer researcher visits radio city: dancing in the dark', in EC Hirschman & MB Holbrook (eds), *Advances in consumer research*, 12, Provo, UT: Association for Consumer Research, 1985, pp. 28–31.

53 For an overview of research on emotions and marketing, see FJM Laros & JBEM Steenkamp, 'Emotions in consumer behavior: a hierarchical approach', *Journal of Business Research*, 2005, 58: 1437–45.

54 RF Baumeister, KD Vohs, JL Aaker & EN Garbinsky, 'Some key differences between a happy life and a meaningful life', *Journal of Positive Psychology*, 2013, 8: 505–16.

Case study
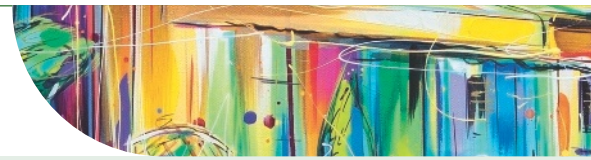
Source: Kevin Britland/Alamy Stock Photo

Value-savvy kids go shopping!

Janine Williams, *Victoria University of Wellington*

An 11-year-old boy arrives at the park on a Saturday morning for footy; he points out a player in the opposing team and says: 'He must be really good, mum, he's wearing the new Nike Hypervenom boots, the ones I'm saving up for!' What do children value when they go shopping? Why are some products and brands favoured over others and does this change as they get older?

Value has been largely studied with adults and is found to comprise the benefits a consumer perceives they get, as well as what they have to give up, the perceived costs.[1] Children are a unique consumer group: they are learning to be consumers through the process of consumer socialisation, and psychological research demonstrates that their conceptual understanding is changing.[2,3] Research on children's consumer behaviour finds major changes in their ability and thinking as they grow. They are increasingly able to think about more than one aspect of a product and to take others' perspectives into account in their decision making. Children also change from relying on concrete attributes to incorporate abstract concepts in their decisions and this is reflected in their understanding of brands.[4]

These concrete attributes are things like colour and size, which can be directly experienced, whereas abstract concepts are those that are intangible and unable to be directly experienced via the senses. Examples of abstract concepts are aspects like quality or sophistication. Concrete attributes are often used to signal abstract concepts.

Given that evidence suggests that most children have shopped by the time they are eight years old[5] and that this age is getting younger as the internet facilitates their ability to do so,[6] we asked children exactly what they consider when thinking about value while shopping.[7]

A developing concept of value

Children indicated that they shop from a limited variety of categories. They purchase toys and food at younger ages, but the variety gets broader as they age incorporating such categories as clothing, footwear, books, computer games and phones. Considering these categories it is apparent that their purchasing is mainly about wants rather than needs, with adults usually catering to their lower-level needs in developed economies.

To begin with, the focus is on the benefits they will gain, but children discuss being concerned with money once they gain experience purchasing. Just like adults, they consider benefits and costs when they shop, but exactly what these benefits are and the ways in which they consider them changes as they grow older. Emotional, social and functional benefits are paramount, while novelty benefits are salient for certain products that are new or where variety creates interest. Costs children consider are mainly financial or product-performance related. As children develop they are able to consider a greater number of benefits and costs and their value perceptions become increasingly complex. One of the most important benefits for children is emotional.

Is it all about emotion?

'If I love it, I'll buy it!' The immediate emotional response to the sensory aspects of a product such as its

beauty or style are paramount for children and found to contribute to perceived value for children of all ages. Football boots that 'look cool' will make a child 'feel happy' and this source of value prevails over other benefits at young ages. While emotional value is a key value perceived in purchases, it is usually not considered in isolation.

How about what it is supposed to do?

Children are usually also concerned with what products can do! For toys, attributes like the complexity or moving parts, and for clothes the material or features such as adjustability might be considered. They consider the amount of use they will get and this extends to the duration of this use as they get older. Quality emerges as children gain experience shopping, with nine-year-olds beginning to mention quality aspects of durable goods, such as whether it will last or break straight away. As children grow older this becomes a common consideration along with the fit for clothing and shoes and how well the product is made.

And will I fit in and is it reflective of who I am?

The social value of products is an important value consideration. If children can use the product with others or it increases their social acceptability, it enhances the value. If they can show their new football boots to their friends and they will probably be impressed, this will contribute to their social value. If their new boots allow them to play with others who are good footballers, then this social acceptance will contribute value. Until around 10 years of age, these are the predominant social considerations. By 11 years of age children have a more nuanced understanding of the ability of products to enhance their social self-image and reflect who they are. This reveals an understanding of the symbolic nature of products.

The boy arriving at footy and observing the boots of his opponent assesses the opponent's ability on the basis of the quality of his boots. This assessment reveals a rudimentary understanding of the social symbolic meaning of goods and his desire to also own a pair reflects the social symbolic value these boots are considered to confer.

Am I just curious?

Some products such as new flavours or products have value because of their novelty or the curiosity they satisfy and children recognise this newness contributing value. Novelty/curiosity value is often category specific and is associated with entertainment and food purchases.

What about costs?

Finally, children consider the monetary sacrifice and risks involved in their purchase. Very young children simply think about price in terms of affordability, making them vulnerable to unethical pricing practices. As they get older they consider price magnitude and can compare prices more accurately. They develop an understanding of what certain benefits are 'worth' in monetary terms. They also consider the financial and performance risks.

Despite their increasingly savvy value perceptions, the benefits can far outweigh the costs, especially if children have the money. The children in this study received money in many ways—gifts, pocket money or as payment for chores—yet their ability to relate the monetary price in quantitative terms to the benefits they perceived reflected a naïve level of understanding. Hence an 11-year-old boy may be willing to pay around $240 for the latest Nike football boots. These are boots he loves, believes will help him kick goals and will impress his friends, and he can't wait to wear them to the opening match to show what kind of footballer he really is!

Questions

1 What aspects of consumer perceived value are shared between adults and children?

2 Why do children perceive value differently from adults? Why does this change as children get older?

3 Specifically consider the way children incorporate the monetary price in their value perceptions and how this changes as they grow older. How would these developmentally linked changes affect their vulnerability?

4 What characteristic purchasing behaviour of children would suggest that curiosity value was important to them?

5 Thinking about the 11-year-old boy in the example, discuss the value he perceives in the Nike football boots.

Notes

1   VA Zeithaml, 'Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence', *Journal of Marketing*, 1988, 52(3): 2–22.

2   DR John, 'Consumer socialization of children: a retrospective look at twenty-five years of research', *Journal of Consumer Research*, 1999, 26(3): 183–213.

3   DR John, 'The stages of consumer socialisation'. In CT Haugtvedt (ed.), *Handbook of consumer psychology*, New York: Psychology Press, Taylor & Francis Group, 2008.

4   GB Achenreiner & DR John, 'The meaning of brand names to children: a developmental investigation', *Journal of Consumer Psychology*, 2003, 13(3): 205–19.

5   'Age of the app: children spending online before getting money lessons at school' <www.bba.org.uk/news/press-releases/age-of-the-app-children-spending-online-before-getting-money-lessons-at-school/#.WelNKaYUmUk> accessed 16 October 2017.

6   P Thaichon, 'Consumer socialization process: the role of age in children's online shopping behavior', *Journal of Retailing and Consumer Services*, 2017, 34: 38–47.

7   J Williams, N Ashill & P Thirkell, 'How is value perceived by children?', *Journal of Business Research*, 2016, 69(12): 5875–885.