

Consumer Behavior: Its Origins and Strategic Applications

Case One: Digitization = Customization

The marketing concept states that companies must focus on consumer needs and develop products and services that meet these needs. Market segmentation and targeting—the strategic approaches that originate in the marketing concept—enable marketers to subdivide large markets into distinct consumer segments with relatively homogeneous needs, and to select one or more of these groups as the target market(s) for the companies' offerings.

Broadly speaking, the premise of the marketing concept is the delivery of products geared to individual's needs, a strategy seemingly congruent with such promotional slogans as "Have It Your Way" and "You're the Boss." In reality, however, the products offered by companies that moved from mass production (i.e., a single version of the product for all consumers) to market-focused strategies are not truly personalized products. Marketing-oriented companies offer consumers numerous versions and models of their products, each designed to meet the needs of a distinct, but still rather large, group of individual consumers.

Now, for the first time ever, digital technologies enable marketers to truly customize many products to the specific and individual needs of customers. For example:

1. *Dell Computer Corporation offers built-to-order computer systems at www.dell.com where consumers can design their own notebook or desktop PCs.*
2. *At www.acumins.com, customers fill out The Vitamin Advisor—an extensive questionnaire regarding one's health, diet, and daily habits. Based on an analysis of their answers to the survey, customers can purchase packages of vitamins and supplements customized specifically for them.*
3. *At www.nikeid.com buyers can choose among many models of sneakers in different price ranges, customize their chosen shoes from among several colors and features, have a personal ID applied to each shoe, pay for the product, and have it shipped directly to them.*

Questions

1. Will the marketing concept (as discussed in Chapter 1) become an obsolete concept as more and more companies adopt the kind of customization strategies illustrated in this case? Explain your answer.

2. Select a product or industry (other than the ones featured here) for which, in your view, product customization is impractical and where traditional market segmentation and targeting are more applicable. Explain your answer.

Case Two: Whole Foods Market versus FreshDirect.com

Whole Foods Market is a supermarket chain with less than two-hundred stores selling healthy, gourmet products such as organic vegetables, free-range poultry, foods without artificial ingredients or hydrogenated fats, and many environment-friendly products such as nonpolluting detergents and chlorine-free diapers. The company began in the 1970s as a natural-food store that catered to hippies. Through the purchase of small health-food stores in major cities, the company gained more exposure and access to distribution channels for natural foods. During the late 1980s and the 1990s, the company's growth was fueled by the upsurge in Americans' desire for healthy living and their interest in gourmet cooking. Whole Foods does very little advertising but receives constant free media exposure because it is often mentioned in popular TV series, praised by celebrities on talk shows, and featured in newspapers and magazines as a business success story. The company educates consumers about foods, provides recipes, and even arranges trips where customers meet with local fishermen. Its supermarket cashiers and stock personnel receive education about foods and earn above-average wages. Whole Foods' prices are significantly higher than products in traditional supermarkets because the keys to its profitability are higher-profit margins for products that traditionally yield slim margins, and much larger per-square-foot sales than those of conventional supermarkets. But, as the company's CEO pointed out, Americans spend far less of their income on food than other nations and that's why most of it doesn't taste very good; if they want to eat higher-quality foods, they have to pay for them. In 2005, Whole Foods stated its plans to double the number of its stores by 2015.

FreshDirect.com is an online grocer operating in New York City since 2002 that delivers both fresh and processed foods and other perishable and nonperishable groceries, ordered by customers online via user-friendly shopping list software. The fresh foods are prepared and the orders are assembled in a single facility, and the company uses computers and sophisticated, highly automated assembly and delivery tools. The orders are delivered to thousands of customers during specified "time windows," which are very difficult to keep because of New York's heavy and unpredictable traffic patterns. Learning from the mistakes of long-gone, online grocers, the company offers a limited selection of products, but its meat and seafood orders are freshly prepared. FreshDirect has plans to expand even before becoming profitable. The keys to the company's success are increasing the number of its subscribers and ensuring that customers order consistently, reducing its operating costs through more powerful technology and automation, and maintaining the accuracy of the orders and the delivery periods. Generally, customers have been satisfied with the quality of the products, although occasionally, the quality of the meats, seafood, and fresh produce fell below the expectations of some customers. Unlike Whole Foods, FreshDirect does not specialize in organic foods but carries a line of such items and its prices are comparable and sometimes lower than those in conventional supermarkets.

Questions

1. "Although very different, Whole Foods and FreshDirect are both successful because they understand consumer behavior and effectively cater to customers' needs." Discuss this statement.

2. How do the emergence and operations of each company illustrate applications of the marketing concept?
3. Please identify, describe, and compare the challenges that each company faces as it tries to expand.

Sources: Mary Raitt Jordan, "Whole Foods Plans Bigger, More Stores across Country," *Gourmet News*, July 2005, 18–20; Renuka Rayasam, "Whole Foods Shuns Ads, Sells Lifestyle: Spending Sparingly on Marketing, Grocer Thrives by Creating a Shopping Experience," *Austin American Statesman*, July 10, 2005, J1; Daniel McGinn, "The Green Machine," *Newsweek*, March 21, 2005, E8–12; Jon Springer, "New FreshDirect Chair Says IPO A 'Possibility'," *Supermarket News*, June 6, 2005, 1; Carol S. Marganti, "Swim Different," *Food Logistics*, May 15, 2005, 20–27; Jane Black, "Online at the Grocer's," *New York Magazine Online*, October 14, 2002; Larry Dignan, "FreshDirect: Ready to Deliver," *Baseline*, February 2004; *Business Week Online*, "Joe Fedele, FreshDirect," September 29, 2003.

Consumer Research

Case One: Using Secondary Data in Targeting Consumers

The importance and strategic value of secondary data are discussed in the text. Today, thanks to technology, high-quality secondary marketing data are readily available to marketing students and educators. For example, Mediamark Research Inc. is a well-known provider of specialized, syndicated secondary data describing the audiences of selected media. The company also provides online access to some of its data through its MRI + service.

In this hands-on case, we would like you to use some of Mediamark's secondary data. First, in order to use the data, you must register (for free) with Mediamark at www.mriplus.com.

After you register and your user status is activated, sign in and go to "Create Reports." Then, under "Pocketpieces," select "MRI—Magazine Pocketpiece." Check all of the data categories in the "Select Data to Display" window. Then select up to five magazines that you read or are familiar with and generate Pocketpiece Reports for them. You can then download these reports as Excel files.

Then obtain recent copies of the magazines for which you selected the MRI reports and make a list of all the products and brands featured in full-page ads in these publications. You now have the two sets of data needed to complete this case study.

Questions

1. In general, are the products prominently advertised in each magazine consistent or inconsistent with the magazine's MRI audience profile? Explain your answers.
2. Rather than relying on MRI's data, should the marketers of the products you selected collect their own data about the audiences of magazines in which they want to advertise their offerings? Why or why not? In your answer, be sure to describe the advantages and limitations of relying on secondary research data in making strategic marketing decisions.

Case Two: Wal-Mart Knows Its Customers

Wal-Mart is the world's largest retailer. In the United States, the company has 3,600 stores visited by approximately 100 million customers each week. Wal-Mart's "everyday low prices" have, in effect, "raised" the incomes of many Americans by providing more purchase power. The key to Wal-Mart's financial profitability is offering a large assortment of products under one roof, high turnover, and low inventory. In order to ensure that it always has the products that consumers want at a particular place and time, Wal-Mart monitors the behavior of its customers obsessively. Each sale is tracked as it occurs and the information from the bar code is used to identify trends and consumption patterns across regions and seasons. On average, there are 120,000 items in a Wal-Mart store. When the company monitors, say, clothing, it tracks what colors, sizes, and designs are selling. This information is immediately fed into the supply chain where those products that are in demand are quickly produced and delivered to the stores. The company also uses this information to satisfy needs that emerge suddenly. For example, during the very active 2004 hurricane season, Wal-Mart discovered that the sales of PopTarts and beer greatly increased before a predicted hurricane. Then, when a hurricane was forecast for a particular area, these and other products that consumers stocked up on before previous hurricanes were quickly shipped to the area to ensure that no Wal-Mart store ran out of these products. When a store is reaching the end of its inventory of a popular product, an order is generated and transmitted to the warehouse and the product is shipped to the store shortly thereafter. The use of information technology to monitor customers' purchases continuously also gives the company great leverage with its suppliers. Because Wal-Mart knows exactly what is being sold, when and where, it knows what to order and producers of these products compete for these large orders. Subsequently, the company dictates to producers what it will pay for these products and, in effect, lowers the profit margins of the producers while increasing its own. In its quest for more cheaply produced products that will sell at low prices but in large quantities in the United States, many of Wal-Mart's products are now produced in China. A significant portion of America's trade deficit with China is due to Wal-Mart's operations.

Questions

1. How can Wal-Mart benefit from combining the data it collects with information about its customers' characteristics (gathered from customers' credit cards and drivers' licenses, and through cashing their paychecks at Wal-Mart)? What are some of the privacy issues involved in combining the two sets of data?
2. Like many other consumers, Wal-Mart shoppers knowingly or unknowingly provide the retailer with extensive personal information. Do you believe that most consumers would knowingly sacrifice their privacy for shopping convenience and lower prices? Explain your answer.
3. What are some of the negative implications, if any, for the larger society when a huge company, such as Wal-Mart, amasses extremely large quantities of data about their customers' consumption behavior?

Sources: *Frontline*, PBS, "Is Wal-Mart Good for America?" Broadcast on November 16, 2004; Constance L. Hays, "What Wal-Mart Knows about Customers' Habits," www.nytimes.com, November 14, 2004.

Chapter Three

Market Segmentation

Case One: Watching M&M's Grow

In the early '90s M&M added peanut butter and almond varieties, blue was introduced in '95 and green in '97, Crispy M&M's made their debut in 1999, and Minis Mega Tubes in 2000. Now there are Mega M&M's. Not only are they physically bigger—55 percent larger in size—but they also come in more sophisticated colors that are designed to appeal to adults. Red will be replaced with maroon, the blue will now be a blue/gray, and turquoise will replace green. Advertising for this new M&M's variety retains the humorous flavor of other current M&M's ads, but with more of an adult edge.

Not all M&M's products have succeeded. For example, as of this writing, you would probably have a difficult time finding Crispy M&M's in your local supermarket, drug store, or mass merchandiser. And Minis only account for about \$24 million of the brand's more than \$500 million in annual sales.

Questions

1. Do you think that it was a good segmentation strategy for M&M's to develop a new version targeting adults?
2. Would M&M's be better off pursuing a mass-marketing approach?

Source: Stephanie Thompson, "M&M's Gain Weight, Get New Dye Job," *Advertising Age* (June 6, 2005): 8.

Case Two: Growing the Airwalk Market

Airwalk sells shoes and clothing to skateboard enthusiasts, which could be construed as a niche market. The company's newest advertising campaign, though, targets both extreme and mainstream consumers, is hoped that its message will communicate "cool" to both groups. Indeed, the company's aim is "to be the coolest brand that talks to the mainstream consumer," while also attracting the skateboard enthusiast. It is believed that while many people have never stepped onto a skateboard, they want the independence and the rebellious spirit that is provided by action sports. As the creative director for the campaign has commented, "We want to position this brand as the primary brand that attracts these people to get into that world."

The images presented in the advertisements feature the boarding lifestyle, rather than skateboard action shots, and will appear in music and action sports publications. The only copy in these ads will be "www.airwalk.com." So while the advertisements might appear to have a narrow focus, in reality, the company is aiming at a broad market.

Question

1. To which VALS segment (or segments) do you feel this Airwalk advertising campaign will especially appeal?

Source: Sandra O'Loughlin, "Airwalk Grabs a 'Cool' Ride," *Brandweek*, May 2, 2005, 14.

Chapter Four

Consumer Motivation

Case One: The Product Collection at New Product Works

The essence of the marketing concept is understanding consumer needs and developing products that meet these needs effectively. And yet, every year, scores of new products are withdrawn from the market soon after their introduction; many other products also “fail” when their sales fall short of providing the revenues needed both to cover their development costs and to generate profits. Clearly, understanding consumer needs is a complex issue.

Most of the new products introduced, including failed products, fall within the product categories sold in supermarkets—such as food, beverage, household maintenance, personal care, baby care, and other categories. In an effort to pinpoint causes of product failures in these areas, an organization named New Product Works maintains a vast collection of food, beverage, household, and personal care products that were introduced and subsequently withdrawn from the marketplace (see www.newproductworks.com).

The objective of New Product Works is to provide marketplace-based advice to companies developing new products. The organization’s product collection also provides insights into how misunderstanding consumer needs can lead to the development and introduction of costly but unsuccessful products.

Questions

1. Visit the online product collection at New Product Works. Go to the “Poll: Hits or Misses?” link. Rate three of the new products featured on this link, compare your ratings to those of previous respondents, and explain your ratings in the context of consumer needs and motivations.
2. Now go to the “Hits & Misses” section (located within the “Poll” section). Scroll down to “Favorite Failures.” Select three of the products featured there and explain why they failed in the context of consumer needs and motivations.

Case Two: Need-Focused Definition of Business

As illustrated in Table 4.1, successful companies define their missions and business domains in terms of the needs that they satisfy rather than the products that they create. Doing so enables such companies to be in the forefront of searching for new products and solutions that satisfy consumers' needs more effectively than older products.

Here are several additional companies whose philosophies illustrate need-focused definitions of business:

1. Merck—at www.merck.com go to "About Merck" and then "Mission Statement."
2. Montblanc—at www.monblanc.com go to "Sitemap" and then "Philosophy."
3. Johnson & Johnson—at www.jnj.com go to "Our Company," and then "Our Credo."

Questions

1. Go to the sites listed above and prepare a short summary of each company's vision and definition of its business.
2. Based on their Web sites, list the major product lines of each of the three companies. Then describe how each company's products stem from its definition of the business in which it operates.

Personality and Consumer Behavior

Case One: Hello Starbucks!

Walk several blocks in almost any city in America and you'll pass at least one Starbucks, if not more. And the same is true for most cities outside of the United States. The Starbucks empire has grown to 6,000 U.S. outlets and about 2,500 international locations.

For some consumers, Starbucks is an obsession, and they just can't begin their day without their cup of Starbucks coffee! In addition, while years ago people used to hang out at the corner candy store, today many people spend considerable time at their local Starbucks. They drink coffee, tea, and/or other specialty beverages, they bring their laptop and wirelessly connect to the Internet, they meet friends to chat, or they meet business associates to make deals. Is there anyone in America, at least old enough to be in kindergarten, who doesn't know what Starbucks is?

Questions

Since everybody knows Starbucks, answer the following questions (if you need any help with your answers, you might want to access www.starbucks.com):

1. If Starbucks was a person, describe the person in terms of demographics, personality, and lifestyle characteristics.
2. If Starbucks was an animal, which animal would it be, and why?
3. If Starbucks was a color, which color would it be, and why?
4. If Starbucks was a celebrity (e.g., a sports figure, a movie or TV star), which celebrity would it be, and why? And why was your choice male or female?

Source: Data on store numbers obtained from www.starbucks.com

Case Two: It's a Whirlpool, from Schorndorf

Go to any store selling top-of-the-line appliances and you'll see a number of brands that are imported from Germany, such as Miele and Bosch-Siemens. But neither of these companies is the leading exporter of German-made washing machines to the United States. That accomplishment belongs to Whirlpool. While Whirlpool's top-loading washers are made in Clyde, Ohio, the front-loaders are made in Germany, where Whirlpool had been manufacturing front-loaders for the European market before the design caught on in America (the design has been popular in Europe for many years because it uses less water and less electricity). Since Whirlpool began importing the washing machines to the United States, it has sold almost two million of them, at about \$1,200 each.

While labor costs at its U.S. plants, including benefits, run \$23 an hour, Whirlpool's labor costs in Germany are \$32 an hour. So the front-loaders are not being manufactured in Germany because of lower labor costs. Whirlpool already had a trained labor force and a factory in Germany when it made the decision to market front-loading washing machines in the United States. To understand the even bigger picture, more than 40 percent of U.S. imports come from the overseas subsidiaries of U.S. companies.

Questions

1. Considering discussion of consumer ethnocentrism in Chapter 5, how do you think most consumers would react if they knew that the Whirlpool front-loading washing machine that they were considering was made in Germany?
2. Do you feel that there is really any difference, in a consumer's mind, between a Whirlpool washing machine and a Bosch washing machine, if it is known that they both were manufactured in Germany?

Source: Louis Uchitelle, "Globalization: It's Not Just Wages," *The New York Times*, June 17, 2005, C1-C4.

Consumer Perception

Case One: “The Two Billion Dollar Man”

Mr. Sidney Frank, 85, has been in the spirits business most of his adult life, and understands the importance of marketing, branding, and packaging in creating a mystique around products that are very similar to others. In 1997, Mr. Frank decided to start importing vodka made in France, since many vodkas from European countries had taken significant market share from Russia—the largest exporter of vodka at one time. Mr. Frank decided to call the new product Grey Goose—a name that he had used years earlier for an inexpensive German wine that flopped. Grey Goose vodka was made of water from French springs filtered through limestone, and came in elegant-looking, narrow frosted-glass bottles that were packaged in wooden boxes, like expensive French wines. It was positioned as a premium vodka and cost way more than other vodkas. So, naturally, consumers assumed that it was the best, and the product was an instant hit.

Although Grey Goose still has only a small niche and market share in the vodka market, in 2004 Bacardi, one of the world’s largest producers of spirits, bought the Grey Goose brand from Mr. Frank for \$2.3 billion. So, seven years after he had made up a new brand of vodka from thin air, Mr. Frank became “The Two Billion Dollar Man.”

Questions

1. List and describe three aspects of consumer perception that are illustrated by the success of Grey Goose Vodka.
2. Think of another beverage and develop a concept for a premium brand in that product category, including the product, its name, packaging, advertising theme, and price. Explain the rationale for your product category selection and the design of your concept for the new brand.

Sources: Frank J. Prial, “The Seller of the Goose That Laid a Golden Egg,” www.nytimes.com, January 1, 2005; Steven Stevenson, “The Cocktail Creationist,” *NY Magazine Online*, January 10, 2005.

Case Two: A Movie or One LONG Commercial?

As new technology enables consumers to skip more and more commercials, marketers are increasingly turning to *product placements* (also termed “branded entertainment”). These terms and their ethical implications are discussed in the chapter. While we are very much used to seeing products and brands prominently featured within the storylines of movies and TV programs, critics complain that some movies are more focused on the products placed within them than on the storyline. In Disney’s movie, *Herbie: Fully Loaded*, the main character says she will kill for Tropicana orange juice, and is always wearing her Goodyear cap. The cable network ESPN (owned by Disney) is part of the story line. Reporters criticized the movie for featuring an unreasonably large number of brands, while some maintained that a promotion was included in virtually every frame. The movie’s creators claimed that since the movie’s storyline is centered around a journalist-turned-Nascar-driver, and since Nascar has commercial ties to many products, placing many products in the film was needed to maintain the movie’s authenticity and were also needed to obtain Nascar’s support for the film, which could not have been done without it.

Questions

1. Have you noticed an increase in product placements in movies and TV programs? Explain your answer.
2. What are the ethical implications of product placements in the context of consumer perception?
3. Good product placements are “seamlessly” integrated into a movie’s or TV program’s storyline. List and describe one movie or TV program that you recall seeing in which there was a good fit between the product placed and the storyline, and one example in which the fit was not so good.

Source: Ross Johnson, “Product Placement for the Whole Family,” *The New York Times*, July 6, 2005, E5.

Chapter Seven

Consumer Learning

Case One: The Dental Care Aisle of Confusion

Stimulus generalization is one of the outcomes of consumer learning. It enables marketers to extend the number of product versions and to introduce new forms of products under existing brand names that are strongly recognized and favored by consumers. However, such extensions, designed to provide more choice to consumers, sometimes result in consumer confusion and frustration. For example, in stores' toothcare aisles, consumers must choose among scores of toothpastes providing different benefits (e.g., tartar control, special benefits for sensitive teeth, control of gum disease) that are offered in different forms (e.g., paste, gel, in combination with mouthwash) and in almost any conceivable flavor, and packaged in several different ways. In addition to toothpastes that offer bright smiles and perfectly white teeth, there are many whitening products in the forms of strips, gels, and liquids (each with its own method of application). There are also many versions of manual toothbrushes in different sizes, designs, and bristle strengths. There are electric toothbrushes and teeth-cleaning "systems." And, there are now many versions of dental floss. In addition, consumers can now engage in "on-the-go oral care" by using Brush Ups—a disposable combination of toothpaste and toothbrush head that fit on one's finger (the finger is the "handle" for the provided head).

Almost all of the toothpastes and related products are offered by either Crest or Colgate—two highly successful brands that have been competing with one another for decades. Facing saturated markets and competition, the two brands recognized the strategic value of stimulus generalization. Using the consumers' strong and favorable associations with the terms Crest and Colgate, the two brands have been trying to get consumers to use more toothpaste and households to buy more than a single version of the product by offering them a seemingly endless array of ways to care for their teeth. However, the result is often consumer confusion and frustration. First, consumers must decide which toothpaste is right for them. Then, they must find it in shelves crowded with many versions, and doing so takes time. Since stores cannot carry all of the versions all the time, they often alternate the toothpaste items carried and, at times, consumers may be unable to purchase their preferred versions of toothpaste in the stores where they regularly shop. There is also the anxiety that one is missing out on something by being brand-loyal to a particular brand or flavor while all the new and "exciting" toothpastes are coming out. Regarding the instantly popular teeth whiteners, some point out that toothpastes are already designed to keep teeth both white and clean and that extensive use of whiteners, induced by the quest for a perfect smile, may damage the enamel of teeth and dental crowns. So, it seems that stimulus generalization may lead marketers down a path that results in consumer confusion.

Questions

1. Do the strategic benefits of stimulus generalization outweigh its possible disadvantages in strategic marketing? Explain your answer.

2. How can the marketers of Crest and Colgate decrease consumer confusion regarding toothpastes and related oral hygiene products?
3. Discuss the issue of the vast array of oral hygiene products with a few of your peers and find out how many have experienced "consumer confusion" or were unable to find easily their preferred products. On the basis of these talks, discuss how you, as the marketer, would promote brand extensions while minimizing consumer confusion.

Source: Stacey Schiff, "One Nation with Niches for All," *The New York Times*, June 11, 2005, A13; Alana Tugend, "Smile, You're in the Dental Care Aisle," *The New York Times*, August 6, 2005.

Case Two: Does Observational Learning Cause Obesity?

For years, Americans believed that children learn and often imitate what they see on TV and expressed concern regarding the negative impact of TV on children's behavior. Increases in violent crime have been partially attributed to the once-widespread depiction of sex and violence on TV; as a result, TV programmers have curtailed showing such behaviors. The characters featured on TV no longer smoke or drink alcohol because these products are not advertised on TV, mostly because of their potential, negative impact on children. In sitcoms and dramas, the "good guys" always win at the end and characters always end up doing "the right thing," even in storylines where opposite actions or outcomes appear to be more likely, in order to convey the "right values" to young viewers. Now, many attribute the growing rates of obesity and associated illnesses among children and teenagers to the overconsumption of high-calories and high-fat foods that critics complain are the results of the heavy promotion of foods to children. Indeed, advertisers spend about \$10 billion a year and most of the items advertised are high in fat and sugar but low in nutrition. In fact, several countries have already either banned or restricted the advertising of foods to children. Influential consumer advocacy groups have called for restricting the advertising of "junk foods" on TV, in movie placements, and in schools, and it appears likely that a bill giving the Federal Trade Commission more effective power to regulate advertising to children will be introduced in Congress. In addition, several individuals have sued food companies for causing their obesity or obesity-related health problems.

Recognizing these concerns and facing legal restrictions on their advertising to children, some fast-food companies eliminated the "super-size" servings from their menus, started offering and advertising more vegetable and fruit products, and began stressing the importance of physical activity in their commercials. The marketers of major brands of soft drinks voluntarily stopped marketing full-calorie carbonated drinks in elementary schools and are developing healthier soft drinks. Food and restaurant companies are also pursuing legislation that will prevent consumers from suing them on the grounds that long-term consumption of their foods resulted in health problems. It is obvious that marketing foods to children has many negative results, and that societal concerns will result in changes, voluntary or mandated, in the ways food companies target the young.

Questions

1. Do you believe that the government, rather than parents only, should regulate the consumption behavior of children? Why or why not? Please list all the examples you can think of where laws and regulations affect what children can or cannot consume, or how they must use certain products.

2. Some maintain that it is strictly up to parents to determine what their children eat and to educate them about food products, and that food marketers should not be blamed for child obesity. They feel that advertising food to children is a First Amendment right. Others say that parents cannot effectively compete with the heavy advertising of foods to children and the widespread presence of "junk foods," and that children are likely to pick up bad eating habits regardless of what parents might try to teach them. Therefore, the advertising of foods to children must be regulated. Which position do you agree with and why?
3. Some schools now forbid parents to include such items as cookies or soft drinks in their children's lunch boxes. Thinking back to the time when you were in primary school and middle school, do you wish that such school regulations would have been in place? Explain your answer.

Sources: Marian Burros, "It'd Be Easier if SpongeBob Were Hawking Broccoli," www.nytimes.com, January 12, 2005; Melanie Warner, "You Want Any Fruit With That Big Mac?" www.nytimes.com, February 20, 2005; Nat Ives, "McDonald's Says It's Time to Exercise," www.nytimes.com, March 9, 2005; Melanie Warner, "Guidelines Are Urged in Food Ads for Children," www.nytimes.com, March 17, 2005; Melanie Warner, "The Food Industry Empire Strikes Back," www.nytimes.com, July 7, 2005; Bloomberg News, "Soda Makers Widen a Ban on School Sales," www.nytimes.com, August 18, 2005.

Chapter Eight

Consumer Attitude Formation and Change

Case One: The Not-So-Extreme Sport

It wasn't that long ago that skateboarding was considered to be an extreme sport—some have even called it the “ultimate outlaw road sport.” To quote a line from Sony's new film that deals with southern California skateboarders in the mid-1970s, “Everywhere we go, man, people hate us.” In its early days, skateboarding was banned by many communities and embraced by participants for its “go-to-hell attitude.”

But times have changed, and skateboarding, once a sport for bad boys, is the new Little League. In fact, today it's about as counterculture as yoga. Parents have embraced the sport for their children, and there are now rules about safety. Some parents have even taken up skateboarding as a way to bond with their children. Skateboarding has recently been characterized as being “more fun and better organized than Little League,” and there are now about 2,000 skateboarding parks located throughout the United States, with about 1,000 more in the development stage. Even some churches are backing the sport by building skate parks, and, yes, June 21 has been established as National Skateboard Day.

Today's skateboarders are typically polite and friendly, and are willing to skateboard where helmets are required, rather than on the street (which can result in a fine). For some teens, “it's a fashion thing,” even if they don't skateboard. Last year, \$4.4 billion was spent on “soft goods” related to skateboarding, such as T-shirts, shorts, and sunglasses, while actual skateboarding equipment, such as boards and helmets, had sales of \$809 million.

Question

1. On the basis of the Theory of Reasoned Action presented in Chapter 8, how would you explain the 180-degree shift in attitudes about skateboarding that has occurred over the past 30 years?

Source: Damien Cave, “Dogtown, U.S.A.,” *The New York Times*, June 12, 2005, Section 9, 1–6.

Case Two: Rebates with Attitude

To attract potential consumers into automobile showrooms, GM, Chrysler, and Ford have each used buyers rebates and other promotions estimated to be about \$4,000 per vehicle. In contrast, rebates and promotions from European auto brands are averaging about \$2,300, and Asian brands are offering about \$1,700 per vehicle. Compared to a year ago, this represents an increase of 8.9 percent for domestic and Asian brands, and a decrease of 15 percent for European brands.

A component of the current promotions employed by the three major domestic car companies is a one-price approach. GM started the ball rolling with their "GM Employee Discount for Everyone" promotion, and Ford followed with its "Ford Family Plan," and Chrysler followed with its "Employee Pricing Plus." Rather than haggling with the car dealer over price, the consumer is expected to walk into the dealership and accept the price that employees of the car manufacturer would pay if they were purchasing the vehicle.

Questions

1. Since these rebates and other promotional programs are expensive for the manufacturers, how could they develop an exit strategy within the framework of the attitude-toward-the-ad model presented in the chapter?
2. In terms of consumers' attitudes, should automobiles be sold using a one-price approach? Why or why not?

Source: Bradley Johnson, " 'Discount' Ploy Could Bite Detroit," *Advertising Age*, July 11, 2005, 1-33.

Chapter Nine

Communication and Consumer Behavior

Case One: The Impact of Blogs

WebLogs or blogs are consumer-controlled electronic postings on the Internet where consumers describe their experiences and express their opinions, including criticisms and reviews of products, service providers, films, TV shows, travel, and virtually any topic one can think of. In many cases, marketers can now gather consumer feedback more accurately and quickly than ever before and respond to it. For example, traditionally, TV shows have exemplified impersonal, mass, commercially driven programming. Much like a book or a movie, such programming arose without significant input from the audience—the receivers of the communication. Only after a one-way electronic dissemination did others analyze, critique, rate, and review the programming. Generally, Nielsen ratings have been used to gauge the “success” of TV programs and determine the advertising rates for various broadcasts. Until the arrival of the Internet, the unidirectional nature of television remained pretty much unchanged. Viewers may have “talked back” to their television sets, but the producers never heard them. Now they do, and they listen with increased attentiveness.

Internet Web sites such as **Televisionwithoutpity.com** (“TWoP”) closely track, discuss, summarize, grade, criticize, and occasionally compliment approximately 35 television shows weekly. Though such discussions may have taken place informally, TWoP offers a centralized location that vast numbers of people can virtually visit immediately after or even during a broadcast to discuss their views about a particular show. Because the viewers who post their comments about such shows represent a much larger number of viewers, the producers of such shows in turn care about these viewers’ comments and they now monitor them to get a sense of what the viewers are thinking. Because television production generally occurs several weeks prior to a broadcast, television producers can and have changed yet-to-be-broadcast programming to address concerns expressed by viewers’ TWoP postings. Not only can programmers now receive an enormous amount of feedback but also much of this feedback is almost instantaneous. There are a number of instances where storylines of TV programs were adjusted in a way that reflected the criticisms and opinions of viewers.

Questions

1. In terms of source credibility, how would you assess the effectiveness of reviews of a TV program posted on TWoP versus a review of the same program in a magazine or a newspaper?

2. After examining several blogs on TWoP, give five examples that provide useful information to the respective marketers who may want to adjust their programs. Explain why.
3. Please identify and describe the disadvantages of blogs from the marketers' perspective.

Case Two: Is Targeting the "Right" Audience Always Right?

In marketing most consumer products, the audiences targeted by marketers' persuasive communications are the consumers or potential buyers of these products. In some cases, like prescription drugs, the targeted audience used to be the doctors who prescribe these medications, not the patients who are the final consumers of these products. But in 1997, the Food and Drug Administration allowed the pharmaceutical industry to advertise directly to consumers, an action that provided these marketers with an additional audience to target. Since then, consumers have been bombarded with ads for such disorders as erectile dysfunction, depression, and high cholesterol, stating that "if you have such and such symptoms then this drug is for you." Of course, all ads included the standard disclaimer that "this is a prescription medication and the final decision whether it is right for you is up to your doctor." Print ads listed the risks associated with using the medications, usually in the bottom of the ads and in much smaller print than the advertising copy itself. TV ads generally portrayed healthy and active individuals who have either taken the drug or were the kind of person who, in spite of appearing healthy, may have a health problem, such as high cholesterol. Typically, in these ads, the list of risks are cited at the end of the commercial by a soothing voice calmly listing the sometimes fatal results that the medication may cause. The initial introduction of a medication in TV ads is usually followed by 15-second reminder ads portraying the product and reminding consumers that it is still around.

Until 1997, pharmaceutical companies spent relatively little money on marketing prescription medications since the audiences for such promotions were primarily doctors and other healthcare providers who were exposed to ads promoting prescription drugs in professional magazines and conferences. But, since 1997, pharmaceutical firms have drastically increased their advertising spending, and—like any marketer facing a competitive marketplace with many similar products—used highly skilled advertising agencies to position and advertise their products. Since people are generally concerned with their physical well-being, consumers responded to the ads. Many consumers self-diagnosed themselves according to the "instructions" in the ads and then flocked to their doctors to ask for the advertised medications by name. In numerous cases, people consumed medications they did not truly need or used prescription drugs for problems that could have been treated with over-the-counter medications. The direct-to-consumer advertising also increased the rate of new drug introductions and, in some cases, like Vioxx—a once-popular painkiller—sometimes fatal side effects were discovered only after the medication had been on the market for years. In other cases, the FDA discovered unsubstantiated advertising claims where the risks of using the drugs were minimized or not clearly stated. It has become rapidly clear that marketing drugs directly to consumers is not in the consumers' best interests and it appeared imminent that the government was going to step in and regulate such advertising. To fend off such action, an industry group representing most pharmaceutical companies announced self-regulatory guidelines for future direct-to-consumer ads of prescription medications.

Questions

1. "The key to effective communications is reaching an audience with the right persuasive message. Direct-to-consumer advertising of prescription drugs has been

effective because the marketers of these products understood that people are concerned about their health, and so designed messages that addressed these concerns effectively and persuaded consumers to seek the applicable products." Please evaluate this statement in the context of this case.

2. The self-regulatory guidelines mentioned above include: (1) the elimination of 15-second reminder ads that do not have enough time to both promote a drug and list its risks; (2) submit all ads to an FDA review before they are used; and (3) after introducing a new drug, take the time to educate the doctors about it before launching a consumer campaign. Do you believe that these measures will resolve the problems of marketing medications directly to consumers? Why or why not?
3. Do you believe that the government should regulate the marketing of prescription drugs to consumers? Explain your answer.

Sources: Barry Meier and Stephanie Saul, "Marketing of Vioxx: How Merck Played Game of Catch-Up," www.nytimes.com, February 11, 2005; Amy Barrett, "A New Rx for Drug Pitches," www.businessweek.com, June 16, 2005; Stephanie Saul, "A.M.A. to Study Effect of Marketing Drugs to Consumers," www.nytimes.com, June 22, 2005; Stephanie Saul, "Drug Makers to Police Consumer Campaigns," www.nytimes.com, August 3, 2005.

Reference Groups and Family Influences

Case One: Keeping Up with the Joneses

Finland, like the United States, is a wealthy country. Its economy is open—providing consumers a wide variety of choices when it comes to consumer products. What sets Finland apart, though, is that the country keeps very detailed records about its citizens—including everything from the ages, sex, and incomes of people living in the same household, the amount they spend annually on commuting, and vehicle purchases.

Consider this: Researchers have determined that when a Finnish household buys a new car, the odds that one of that household's nearest 10 neighbors will purchase the same brand vehicle during the next week and a half increases by 86 percent!

Question

1. What factors contained in Chapter 10 might be used to explain this phenomenon?

Source: David Leonhardt, "See the New Car in the Jones's Driveway? You May Soon Be Driving One Just Like It," *The New York Times*, June 13, 2005, C5.

Case Two: Here's the DVD, Now Please Pass the Popcorn

Movie theater attendance has been down for three of the past five years (in number of attendees), and the film studios are wondering whether it reflects a rash of bad movies or if it's something more significant. There's no doubt that more and more people are choosing to stay at home, and the Hollywood studios today make more on DVD sales and licensed products than they do on movie theater showings. Not only are digital video recorders (e.g., TiVo) and video-on-demand movies keeping people at home, but high-definition TV and multichannel sound systems bring a movie-theater-quality visual and audio experience into a consumer's home.

Some U.S. consumers feel that there are very few movies that are worth going to a theater to see, and believe that quality has declined over the past few years. Additionally, some of the time that a person used to spend at the movie theater is today taken up by playing video games. Indeed, for some consumers, playing video games has replaced going with friends to a movie theater. And having a large-screen HDTV set at home with a multichannel sound system means no driving or parking hassles at the theater, and no lines to wait on. And you can pause the movie for a bathroom break or to deal with a crying child.

Over the past five years, movie theater box office receipts rose 8.3 percent. In contrast, video games were up 20.3 percent, and time spent watching cable and satellite TV were up 31.3 percent. Also, time spent on the Internet rose 76.6 percent.

Question

1. Within the context of the consumer socialization of children, adult consumer socialization, and intergenerational socialization (all discussed in Chapter 10), how do you suppose that the increased at-home viewing of movies on DVD will impact the typical American family?

Source: Laura M. Holson, "With Popcorn, DVDs and TiVo, Moviegoers Are Staying Home," *The New York Times*, May 27, 2005, A1 & C3.

Social Class and Consumer Behavior

Case One: Will the Real Costco Shopper Please Stand Up!

Costco Wholesale, the warehouse membership outlet, is the fifth largest retailer in the United States. Founded in Seattle in 1983, and merged with Price Club in 1993, the company now runs 457 stores. While most of its locations are in the United States, the company operates outlets in Canada, the United Kingdom, Taiwan, South Korea, and Japan. Its two largest competitors are Sam's Club (owned by Wal-Mart) and BJ's Wholesale Club (started by Zayre's).

Because it is a membership club, the 44.6 million Costco consumers each pay \$45 a year, and small businesses pay \$100 annually. Each location stocks approximately 4,000 types of items, but only a few brands or versions of each. For example, Costco may stock only four brands of toothpaste, while a typical Wal-Mart may carry 60 brands and sizes of toothpaste, and over 100,000 different types of items.

Costco attempts to keep prices low, to make it impossible for another retailer to offer the same merchandise for less. Their cardinal rule is that no branded item can be marked up more than 14 percent, and no private-label item by more than 15 percent. As a comparison, supermarkets often use a 25 percent markup, and department stores typically mark up merchandise by 50 percent or more.

Question

1. From what you already know about Costco (if you are already a Costco customer), and/or from what you can glean from the company's Web site (www.costco.com), what social classes in America would you consider to be Costco customers?

Source: Steven Greenhouse, "How Costco Became the Anti-Wal-Mart," *The New York Times*, July 17, 2005, Section 3, 1 & 8.

Case Two: \$30,000 for a Hyundai— Are You Kidding?

For the 2006 model year, Hyundai introduced its Azera sedan, complete with luxury goodies and a 10-year warranty, and aimed squarely at Toyota Avalon and Nissan Maxima drivers. While many of its dealers were asking for a pickup truck, Hyundai's Korean executives wanted the cachet of offering consumers an upscale car. The Azera is part of Hyundai's plan to sell one million vehicles in the United States by 2010.

And the Azera comes with a lot of upscale features, including eight air bags, five-speed automatic transmission, a V6 265 horsepower engine, stability control, premium sound system, rain-sensing wipers, and telescoping steering wheel. That's a lot of car for the money.

Will the Azera appeal to American consumers? Buyers have thus far resisted spending over \$70,000 for the Volkswagen Phaeton, and it could be argued that VW has the advantage, in the consumers' mind, of "German engineering." When Hyundai first started selling cars in the United States about twenty years ago, they were best known for "rattletrap econoboxes." But since then they have offered larger, better-made cars, as well as minivans and SUVs, while keeping their value image.

Hyundai feels that the Azera may be sold via reverse chic—like very wealthy people who shop at Costco. These consumers will tell their friends about the great deal their cars were, and will value the "bargain" they got.

Questions

1. If you were a member of the Hyundai Azera marketing team, to which social class (or classes) would you market the car?
2. Do you think the Azera will succeed in the American marketplace?

Source: Kathleen Kerwin, "Hyundai Takes a Hard Curve into Swank," *Business Week*, July 18, 2005, 42.

The Influence of Culture on Consumer Behavior

Case One: Gum for Adults

American's favorite snack is chewing gum, with chocolate second, and fresh fruit third. Indeed, in the \$3.3 billion gum business, the emphasis has recently been on developing new gums for adults. At a recent industry trade show, 86 new gums were introduced.

While bubble gum has been in a slump since the late 1980s and early 1990s, sales of regular chewing gum are strong, with about two-thirds of Americans using the product. The use of bolder flavors in all types of food is on the increase, and this is true for gum, although some analysts wonder just how much hotter and icier consumers can go. There are also functional gums being sold—some gums provide as much caffeine as a cup of coffee, and a new “diet” gum contains herbs that are supposed to increase the user's metabolism. Gum manufacturers also know that gum chewers are fickle, with 60 percent changing flavors and/or brands on a regular basis.

Why are adults chewing so much gum? Probably the desire for fresher breath is and always has been the number one reason. But for people who have quit smoking, or are trying to quit, gum allows them to put something in their mouths other than cigarettes. Also, many people today are trying to lose or to maintain their weight, and a piece of gum is certainly lower in calories than a chocolate bar or cookies.

Even classic flavors of gum, like Wrigley Doublemint and spearmint, have seen sales increases. Some immigrant groups view these well-known American gums as a way to assimilate.

Question

1. Is there any relationship between adult gum chewing and the core American values presented in Chapter 12?

Source: Kim Severson, “Adults Now Grab for Gum, Elbowing the Children Aside,” *The New York Times*, June 19, 2005, 22.

Case Two: Privacy: A New Facet of American Culture?

For many of us, the Internet is a wonderful tool. It makes it possible to e-mail our friends and family, helps us bank and pay our bills, compare different brands that we might consider purchasing, and find the best price for a desired item. But how much of this "wonderfulness" are we willing to exchange for our personal data?

Marketers want to know who we are, and where we go on the Internet. So, for example, they've been installing cookies on our computers for years. That's why once we've visited a Web site, the next time we want to click on it its listing is a different color. And if you increase the security level of your computer so that your PC will not accept cookies, then chances are that a Web site you want to visit won't let you on.

Google has been particularly criticized by those with security concerns because of how it operates its G-mail system. G-mail automatically delivers ads to the user, based on e-mail content. Many users are not happy that Google is monitoring their e-mail in order to send them ads, even if, based on e-mail content, the ads are relevant.

In today's world of identify theft and computer viruses, consumers are resisting swapping personal information for increased value, whether it is taking place online or offline. Jupiter Research has found that 58 percent of Internet users say that they have deleted cookies, with as many as 39 percent claiming to do so monthly. And 28 percent of Internet users are selectively rejecting third-party cookies, like those placed by online ad networks. In January 2003, only 3 percent did so.

Question

1. Is personal privacy a new U.S. cultural value?

Source: Jack Neff, "Are We Too Targeted?," *Advertising Age's Point Magazine*, June 2005, 8-11.

Subcultures and Consumer Behavior

Case One: Kraft Woos Asian Americans

According to Vincent Tam, director of client services at Admerasia, a New York based ad agency, “food companies have been slow to target Asian Americans . . . they find it daunting and complex that there are so many Asian groups. But as diverse as we are, we have shared values.”

Tam’s firm recently won Kraft’s Asian business, and is in the process of developing in-language print ads aimed at immigrant Chinese-speaking moms that will appear in Chinese newspapers in Los Angeles and New York. These ads will feature such Kraft products as Oreos, Ritz, Kraft Barbecue Sauce, Capri Sun, and Philly Cream Cheese, and will do so in “culturally relevant settings.” Interestingly, the focus of the campaign is not to get Chinese-speaking moms to use these products in their own Chinese cooking, but to teach them how to use Kraft products for Western-style meals. As an example, a common condition among Asians is lactose intolerance, and Tam’s research has found that Chinese-speaking immigrant moms feed their lactose-intolerant children cheese, because of the calcium that cheese provides.

The president of the Asian American Advertising Federation, Bill Imada, feels that “Kraft’s entry will make a big difference to those food marketers who are on the fence.” This could result in significantly more advertising money being channeled to the Asian American market.

Question

1. Considering the text discussion of Asian American consumers (and a targeted search of this subcultural market on the Internet), why is this demographic segment particularly ripe for increased attention?

Source: Sonia Reyes, “Kraft Initiative Woos Asian American Moms,” *Brandweek*, July 25, 2005, 10.

Case Two: Sorry, You're Too Old (or Young) to Buy This Car!

Automobile manufacturers have been creating cars targeted to specific age groups. For example, the Toyota Matrix, the three versions of the Toyota Scion, and the Honda Element were all designed and targeted to 20-somethings. But targeting a vehicle to a specific age group, and getting that age group to purchase the car, is not the same thing.

Consider the Toyota Matrix, a vehicle whose expected drivers were supposed to have a median age of 28.8. In reality, the median age of Matrix drivers is 42.7, almost 50 percent older. Honda anticipated that its Element drivers would average 28.6 years of age, but, instead, they are 44.7 years old, on average. Honda has commented that they designed the Element for 18- to 25-year-old males, with a square design, resembling a big box—a rolling dorm room with enough space for all of the driver's "stuff." Instead, though, the Element is being purchased by older hobbyists, families, and businesses, who appreciate the vehicle's utility and the fact that it can be hosed out (it has a rubber floor).

Traditional U.S. auto companies are not immune from this problem. The Dodge Neon was expected to appeal to young drivers with an average age of 22.7, but the real average age of Neon drivers is almost 40. Pontiac expected that Vibe owners would average 30 years of age, but they really average almost 50.

In the past, Toyota had tried selling Echos and Matrixes to young people, and the result of this failure was the establishment of the Scion—a separate brand that employs unconventional methods to reach its market (e.g., parking a custom version near a hip night spot, so the "right" people discover it on their own). The company feels that one of the reasons why its Echo did not appeal to 20-somethings is because it was a Toyota, and this is the reason why the Scion division was created.

Question

1. Considering the discussion of age in Chapter 13, how do you explain why vehicles often targeted to 20-something drivers are being purchased by drivers who are considerably older?

Source: George P. Blumberg, "The Car Is for Kids, But Gramps Is Driving," *The New York Times*, July 3, 2005, Section 12, 1 & 4.

Cross-Cultural Consumer Behavior: An International Perspective

Case One: Cat Food Strategy

A product that has been a success in one country may not easily find success in another. For example, consider Iams, a premium brand of dog and cat food sold in the United States. This dry pet food (kibbles) is very high in animal protein content, which is similar to what dogs and cats would eat in the wild. In the United States, the brand has a reputation for being driven by product innovation.

But the European market for pet foods is different. Iams first introduced their cat food in Europe, and the reception was decidedly cool. In northwest Europe, the cat food market is dominated by wet food (cans), and in the south there is a reliance on home-made pet food, such as paste, rice, and table scraps. Additionally, while Iams kibble is oval-shaped and a dull uniform brown color, European kibble tends to be multicolored, and sometimes elaborately shaped. Furthermore, although Iams believes that cats do not need variety in their diets, Europeans tend to believe that a variety of foods is best for their pets.

So what did Iams do? The company first introduced a “wet” canned version of its kibbles, but its high price limited its sales. And its kibbles were not selling well because European cat owners disliked the package’s stark design. Clearly, it was time for Iams to change tactics.

The company felt that the best way to stop competing with existing brands of cat food and to get its health claims across to European cat owners was to distribute its brand only through pet stores and veterinarians. Iams also enlisted the help of other influentials, such as breeders. Endorsement of these knowledgeable individuals persuaded many pet owners to select the Iams brand for their pet, and, despite its high price, to stick with the brand for the pet’s entire life.

Questions

1. What was Iams initial mistake?
2. What lessons can be learned from the Iams experience?

Source: Sicco Van Gelder, “Global Brand Strategy,” *Brand Management*, 12, September 2004, 39–48.

Case Two: Would Mickey Mouse Eat Shark's Fin Soup?

Controversy started brewing at Hong Kong Disneyland even before the park opened in the fall of 2005. At Disney theme parks around the world, weddings and wedding receptions are a profitable business. Disney is planning to offer shark's fin soup as an option on wedding reception menus at Hong Kong Disneyland.

Clearly, Disney wants to show its appreciation for Chinese traditions, and claims that it is doing nothing more than following local standards—the dish is considered an essential part of a Chinese wedding banquet, and can be priced at up to \$150 at the best restaurants. However, environmental groups from all over the world are up in arms over the prospect of Disney serving this soup, which points out a difference between Chinese and Western traditions.

Although shark's fin soup has been a Chinese favorite for 200 years, some environmental groups are concerned that China's increasing wealth has led to a greater appetite for rare species. For example, Hong Kong authorities recently stopped a shipment of 1,800 freeze-dried penguins that were being smuggled into mainland China. Some animal advocates are afraid that down the road entire species could be threatened.

Question

1. As a member of the top management team at the Walt Disney Company, do you keep or delete shark's fin soup from the wedding banquet menu at Hong Kong Disneyland?

Source: Keith Bradsher, "Chinese Delicacy Has Disney in Turbulent Waters," *The New York Times*, June 17, 2005, C1 & C7.

Consumer Influence and the Diffusion of Innovations

Give the Kid a Cell Phone

Cellular telephone providers are now realizing that they've made a mistake. For years, they assumed that many teens and college students could not afford to subscribe to postpaid cellular services, and so they pushed prepaid cellular to this group. Wrong!

The major cellular telephone companies have finally come to understand that members of the younger generation possess three characteristics that marketers want: (1) they have disposable income, (2) they have grown up with technology, and (3) they view the cellular phone as their No. 1 possession. Still further, young adults (age 18 to 34) are two or three times more likely to also use services such as e-mail, news and text alerts, all of which produce additional revenue for the cellular phone company. Just think of all the photographs that teens take with their cellular phones, and all of the ring tones that they pay to download.

Questions

1. Considering the teenage and college student market segments, what other features can cellular telephone companies offer these groups over the next five to ten years?
2. What role will innovators and opinion leaders play in this era of new cell phone enhancements?

Sources: Alice Z. Cuneo, "Wireless Services Get Wakeup Call from Youth," *Advertising Age*, June 6, 2005, 16; and Ian Rowley, "\$5,000? Sure, Put It on My Cell Phone," *Business Week*, June 6, 2005, 56.

Case Two: We Have a Relationship—We Blog!

As a way to enhance relationships with customers, e-tailers are beginning to test Web logs (blogs). Online merchants feel that their blogs will give their e-stores more of a personality, and will get customers to return to their Web sites even when they are not in the mood to shop.

For example, eHobbies is a small company with 25 employees. On its new blog it posts photographs of employees and photos taken at trade shows. The firm believes that its blog helps “humanize” the company by showing that it is “a company of hobbyists,” who in many ways are just like their customers.

But there can be problems with a company having a blog. One difficulty is how do you keep the customer from straying from the store Web site (where he or she can purchase merchandise) to the blog, and then not returning to the store’s site? After all, most blogs contain links to other articles on the Web. Another issue is that some customers might not like the language used on the blog or might not appreciate a scorching review or comment.

Perhaps the most controversial company with a blog is GoDaddy.com, a firm offering Internet domains and hosting services. On its blog, the company’s owner, Bob Parsons, offers his thoughts on a lot of different topics, and often his comments are highly opinionated. While this is enough for some individuals who visit this blog to never return, Mr. Parsons feels that his blog lets his company become more to consumers than just “some name with a URL on the Internet,” and also lets people “understand why we do things the way we do them.”

Question

1. How do you think blogs fit into the diffusion process that you read about in Chapter 15?

Source: Bob Tedeschi, “Yes, You Sell Sweaters, but Should You Really Blog About It?,” *The New York Times*, July 4, 2005, C6.

Consumer Decision Making and Beyond

Caes One: Deciding on Satellite Radio

It seems that since the birth of satellite radio there have been two competing stations—XM and Sirius. While one has a contract with Howard Stern, the other carries major league baseball games—and they both offer 24/7 commercial-free listening, as well as programming that does include commercials (e.g., the weather and traffic channel).

Marketers believe that there are several reasons why satellite radio will become an important advertising medium. One reason is cost—a 30-second spot on XM may cost as little as \$25 (or, depending on audience size, may cost much, much more). Also, satellite radio allows an advertiser like Subaru to run different spots targeted to different areas of the country. For example, an ad run in the Northeast in January would play up the car's full-time four-wheel drive system that is great in snow, while a spot aired in the south would have a different theme. Also, the large number of channels offered by each satellite radio company means that they can air programs targeted to specific audiences. As an example, Sirius' programs include OutQ radio, a station providing news, information, and entertainment for the gay and lesbian community. If advertisers want to target this audience, they now have a new medium, and individuals listening to this station also appreciate that the medium exists.

Questions

1. If you were purchasing a new vehicle and satellite radio was a low-cost option, what factors might you consider when making your decision?
2. What might your prepurchase search activity include?

Source: Deborah L. Vence, "Channel Advertising Efforts: Satellite Radio Offers Marketers New Options," *Marketing News*, April 15, 2005, 11–12.

Case Two: Women Want More Horses

A recent article in the *New York Times* presented a story about two Connecticut women, both in their early 50s, both mothers, both now single (one widowed and one divorced), and both wanting to celebrate their lives by pleasing themselves. So what did they do? They both bought new Mercedes automobiles.

Indeed, over the past few years, there has been a growth in the sales of fun or extravagant cars to middle-aged women, and a movement by these women away from minivans and SUVs. Car dealers have reported that women are walking into their dealerships and are exhibiting much more interest in horsepower than in trunk space. While there is no particular brand of vehicle that is preferred, middle-age women have been buying a lot of convertibles and other “nonfamily” type cars. If the woman drove a convertible when she was young and single, and enjoyed the experience, then she wants a convertible now. If she considered pickup trucks to be “tough and sexy” when she was a young woman, then it’s a pickup truck she now wants to be driving.

While some might call this a midlife crisis—after all, quite a few men want a Corvette for their 50th birthday—others call it an “unrealistic desire,” with the buyer wanting to go back to the person she remembers being before becoming a Mom and needing a minivan. And these women are walking into car dealerships very knowledgeable, often thanks to the information acquired over the Internet.

Question

1. How can the concept of self-gifting be used to explain the increased interest of women in purchasing nonfamily type vehicles?

Source: Alex Williams, “What Women Want: More Horses,” *The New York Times*, June 12, 2005, Section 9, 1 & 7.