AFTER STUDYING THIS CHAPTER, YOU SHOULD BE ABLE TO

1 understand the consumer market and the major factors that influence consumer buyer behaviour
2 identify and discuss the stages in the buyer decision process
3 describe the adoption and diffusion process for new products
4 define the business market and identify the major factors that influence business buyer behaviour
5 list and define the steps in the business buying decision process
CHAPTER

Understanding Consumer and Business Buyer Behaviour

PREVIEWING THE CONCEPTS

You’ve studied how marketers obtain, analyze, and use information to develop customer insights and assess marketing programs. In this chapter, we continue with a closer look at the most important element of the marketplace—customers. The aim of marketing is to affect how customers think and act. To affect the what, when, and how of buyer behaviour, marketers must first understand the why. We look first at final consumer buying influences and processes and then at the buying behaviour of business customers. You’ll see that understanding buying behaviour is an essential but very difficult task.

To get a better sense of the importance of understanding consumer behaviour, let’s look first at Running Room. What makes Running Room customers so fanatically loyal? Just what is it that makes them visit retail stores, participate in clinics, or make Running Room a part of their active lifestyle? At the core, customers buy from Running Room because the brand itself is a part of their own self-expression and lifestyle. It’s a part of what the loyal Running Room customer is.

RUNNING ROOM: A PASSION FOR CREATING CUSTOMER VALUE AND RELATIONSHIPS

Perhaps no Canadian retailer has experienced growth quite as remarkable as that of the Running Room. Founded in Edmonton in 1984 by John Stanton, who was looking to purchase quality running shoes from someone knowledgeable about the sport, the Running Room has grown to over 100 locations across Canada and a handful in the United States. While exact sales numbers are not available for this family-owned business, some analysts estimate sales of over $100 million annually.

Expansion to the US market was one growth strategy of the company, but not its primary one. In 2004, Stanton announced the opening of the Walking Room, which allowed the company to grow into smaller Canadian markets, such as Sudbury, Ontario, and Fredericton, New Brunswick, which would not have been financially feasible for the Running Room alone. While expecting its new stores to cater to seniors and older boomers no longer able to handle the physical stress of running, the company soon found out that the new combined Running Room/Walking Room stores were attracting younger customers in their 20s and 30s who wanted to become more active. “A lot of younger people today work harder and longer, and they do that work in front of computers. As a result, they’re more
sedentary. They’re looking at doing something active, but running can be intimidating,” says Stanton. “Dealing with walkers of all ages was a huge learning curve for us. We discovered we weren’t talking to walkers who would eventually become runners. Walkers made it clear to us that walking was their sport and that they had no intention of ever becoming runners.”

In an interview with the *Calgary Herald*, John Stanton was asked about the major reason his business was expanding:

I think everybody is concerned about childhood obesity and the aging baby boomer, and the burden that our health-care system is under. People know they have to get fit and be active. The primary thing we try to do is to show people through our Learn To Run programs and training clinics that when you engage in exercise there’s a natural transition to healthy eating, and pretty soon you start to take control of your own life just by the simple thing of going for a run. If someone’s overweight, walking is sometimes a great option for them to get started. It’s less daunting. The number one thing I’ve found that keeps people from exercising is fear of embarrassment. . . . By putting people in a group environment, it’s like kids joining a soccer team, a ball team, or a hockey team. All of a sudden you start having fun and enjoying it and it continues. That’s what we’ve been able to do.*

So, what factors led to the company’s success? The Running Room’s reputation has been built upon product innovation, quality, and the knowledge of the sport of running. Its private label products have been developed to provide customers with the best in style, functionality, fabric innovations, and reasonable price, and have been developed with the input of customers and staff alike. The company even created a new clothing line for walkers, who require heavier, looser clothing in contrast to the close-fitting spandex garments favoured by runners. Even packs had to be specially designed for walkers. Runners may carry a nutrient bar, but walkers want room for more substantial snacks. While quality merchandise is one factor contributing to the company’s success (judging by the rate at which runners and walkers alike purchase the products), it is not the main reason behind the explosive growth. In fact, the Running Room’s success can be summed up in one word: *relationships*. The deep connections cultivated among the owner/company, its customers, and the broader community are the driving force behind the Running Room’s success.

The Running Room has managed to create customer value and relationships in a number of ways. Service has always been an essential component of the company philosophy and is what keeps it competitive. All employees are considered Team Members, and all are runners. Who else but a runner is knowledgeable about the needs of runners, as well as the products that cater to those needs? The Running Room philosophy is that if you’re out there running on the same roads as the customers, you can relate to their exact needs. The Running Room is truly a store for runners by runners. Yet, when the company opened the combined Running Room/Walking Room outlets, it had to overcome its own brand image to deal with the potential intimidation walkers may feel on entering a running store. The solution was to give equal prominence to the Walking Room brand on the exterior signs of the new combined stores. In-store signage also clearly differentiates walking and running gear.

In addition to its in-store service, the Running Room offers an incredible number of clinics such as Walking, Learn to Run, Marathon, Half Marathon, 10K Training, Personal Best, and For Women Only Running Clinics. The tremendous success of these clinics

is evident from the over 600,000 clinic graduates to date. The Running Room clinic program is committed to a lifestyle of fitness. The various programs meet the needs of those just getting into a fitness routine and of those contemplating a marathon. In addition, there is the Running Room Running Club, which has no membership fee and allows all levels of runners to run in a group setting twice weekly. The Running Room Running Club really adds a social component to running since you get an opportunity to run with a variety of people and receive some great coaching on running techniques and training methods.

Finally, the Running Room and its owner, John Stanton, are actively involved in building strong relationships in the community. The Running Room sponsors and helps organize and promote more than 400 walks, runs, and events that annually raise millions of dollars for local charities and non-profit organizations. For example, the Running Room hosts clinics all across Canada for runners wishing to compete in the Scotiabank Toronto Waterfront Marathon, which raised a record-breaking $4.3 million in 2012 for 181 Canadian charities. It partnered with Weight Watchers Canada to promote the country’s first Walk-It Challenge, which saw over 7000 Canadians from coast-to-coast take their first steps toward physical activity. Stanton himself takes part in several of these events, from participating as the “pace bunny” in Halifax’s Scotiabank Blue Nose Marathon to holding Q&A online forums on the Globe and Mail website.

The company’s hands-on approach and deep customer focus has led to some wonderful personal success stories, including the following:

- The Calgary writer, whose long-time dream to finish a marathon alongside her husband finally came through—she first completed 16 weeks of marathon training offered by the Running Room.
- Sudbury, Ontario, native Kandis Stoughton, who completed the Boston Marathon, known to be one of the most challenging marathons to even qualify for—her passion for running began with a 5K clinic offered by the Running Room.
- Darrel Wilkins of New Brunswick, who quit smoking after 33 years and has become an accomplished marathoner with over 10 races behind him, including the Boston Marathon—the path to his success began with a 5K clinic offered by the Running Room.

Personal achievements such as these have come as a result of the company’s deep commitment to building lasting relationships not only with customers and community but also between customers. “We believe that the Running Room philosophy and our in-store environment are unlike any other retail business in North America. While we offer clothing, shoes, products and accessories for walkers and runners, we also help people to change their lives through fitness activities,” said Stanton. “Through the Running Room and Walking Room, people can gain a tremendous sense of belonging that comes from walking or running alongside people who share similar goals: improving wellness, while having fun and adventure exploring our cities on foot. The Running Room becomes very important to our customers, because their well-being is very important to us.”

THE RUNNING ROOM example shows that factors at many levels affect consumer buying behaviour. Buying behaviour is never simple, yet understanding it is the essential task of marketing management. First we explore the dynamics of the consumer market and consumer buyer behaviour. We then examine business markets and the business buyer process.
Consumer Markets and Consumer Buyer Behaviour

Consumer buyer behaviour refers to the buying behaviour of final consumers—individuals and households that buy goods and services for personal consumption. All of these final consumers combine to make up the consumer market. The North American consumer market includes almost 342 million people in Canada and the United States who consume more than US$10 trillion worth of goods and services each year, making it one of the most attractive consumer markets in the world.\(^2\)

Consumers around the world vary tremendously in age, income, education level, and tastes. The ways these diverse consumers relate with each other and with other elements of the world around them impact their choices among various products, services, and companies. Here we examine the fascinating array of factors that affect consumer behaviour.

What Is Consumer Behaviour?

Consumers make many purchase decisions and some are more complex than others. For example, a consumer buying a cup of coffee would go through a very different decision-making process than one buying his or her first house. Most large companies research consumer buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy. Marketers can study actual consumer purchases to find out what they buy, where, and how much. But learning about the *whys* of consumer buying behaviour is not so easy—the answers are often locked deep within the consumer’s mind.

The central question for marketers, then, is this: Given all the characteristics (cultural, social, personal, and psychological) affecting consumer behaviour, how do we best design our marketing efforts to reach our consumers most effectively? Thus, the study of consumer behaviour begins and ends with the individual. In the past, the field was often referred to as *buyer behaviour*, reflecting an emphasis on the actual exchange of goods for money. Marketers now recognize the study of consumer behaviour is an ongoing process that starts long before the consumer purchases a product or service, and continues long after he or she consumes it. This extended definition of consumer behaviour means that marketers must be aware of a number of issues before, during, and after purchase to build brand loyalty and lasting relationships with their customers. Figure 6.1 illustrates some issues that arise during each stage of the consumption process, but there are many more.

Consumers’ responses, which can range from actual purchase to merely engaging in word-of-mouth communications about the product, is the ultimate test of whether or not a marketing strategy is successful. In the next section, we will examine each of the characteristics affecting consumer behaviour in more detail.

Characteristics Affecting Consumer Behaviour

Consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics, shown in Figure 6.2. For the most part, marketers cannot control such factors, but they must take them into account.

**Cultural Factors** Cultural factors exert a broad and deep influence on consumer behaviour. The marketer needs to understand the role played by the buyer’s *culture*, *subculture*, and *social class*.
Culture  

**Culture** is the most basic cause of a person’s wants and behaviour. Human behaviour is largely learned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviours from the family and other important institutions. A child in the United States normally learns or is exposed to the following values: achievement and success, individualism, freedom, hard work, activity and involvement, efficiency and practicality, material comfort, youthfulness, and fitness and health. In contrast, Canadians value freedom; the beauty of our natural landscape; our belief in respect, equality, and fair treatment; family life; and being Canadian. In fact, one public opinion poll found that 86 percent of Canadians agreed with the statement that their country was “the greatest in the world.” Despite our differences, both the United States and Canada are consumer cultures, and marketing practices reinforce this as a way of life.

**FIGURE 6.2 Factors Influencing Consumer Behaviour**

**FIGURE 6.1 Some Issues that Arise during Stages in the Consumption Process**
Marketers are always trying to spot cultural shifts to discover new products that might be wanted. For example, the cultural shift toward greater concern about health and fitness has created a huge industry for health-and-fitness services, exercise equipment and clothing, organic foods, and a variety of diets.

Subculture Each culture contains smaller subcultures, or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Examples of four such important subculture groups in Canada include regional subcultures, founding nations, ethnic subcultures, and mature consumers.

Canada is a regional country, so marketers may develop distinctive programs for the Atlantic provinces, Quebec, Central Canada, the Prairies, and British Columbia. The sheer size of the country and its varied geographic features and climate have certainly shaped regional character and personality. For example, Atlantic Canada is largely defined by its proximity to and historical relationship with the sea. Equally, the isolation imposed by the mountain barrier, along with the abundance and grandeur of British Columbia’s natural environment, shaped the outlook of that region’s residents. Immigration has also had a differential effect on the different regions within Canada. The economy of each region furthers these differences. The fate of regions linked to the rise and fall of commodities, such as fish, timber, wheat, minerals, or oil, has affected regional mindsets as well as economies. Perceived disparities in political power have also increased regionalism, especially in Quebec, Newfoundland and Labrador, and Alberta.

Canada had three founding nations: the English, French, and Aboriginal peoples. The unique history and language of each of these nations has driven many of the cultural differences that result in different buying behaviours across Canada. The most recent census results (2011) reported that people noting their English-language roots (anglophones) accounted for approximately 58 percent of the population, and people whose mother tongue is French (francophones) made up approximately 22 percent of the population. In total, approximately 213,500 Canadians reported an Aboriginal language as their mother tongue.

Aboriginal Canadians are making their voices heard both in the political arena and in the marketplace. There are more than 1.17 million Aboriginal Canadians, including Métis and Inuit, and this number is expected to double by 2031. Among Canada’s Aboriginal population, Cree is reported as the most common mother tongue. Not only do Aboriginal Canadians have distinct cultures that influence their values and purchasing behaviour, but they also have profoundly influenced the rest of Canada through their art, love of nature, and concern for the environment.

While the banking industry has been particularly responsive to the unique needs of Aboriginal Canadians, other firms are now following suit. For example, Quality Market, a grocery store in Thunder Bay, Ontario, launched an online ordering and delivery service that will allow residents of isolated northern Ontario communities to access groceries at more affordable prices. Publications like Windspeaker magazine are also used as vehicles to effectively advertise to Canada’s Aboriginal peoples.
According to Statistics Canada, roughly one out of every five people in Canada could be a member of a visible minority by 2017, when Canada celebrates its 150th anniversary. Approximately, 250,000 new immigrants come to Canada each year. Thus, being sensitive to their cultural values is important, because 70 percent of the visible minority population were born outside Canada.

People with a Chinese background are still the largest group among visible minorities in Canada. Almost 4 percent of Canada’s population is Chinese, with 40 percent of this group residing in Toronto and 31 percent living in Vancouver. Canadian companies are realizing the importance of culturally relevant advertising that includes a multimedia approach to reach the Chinese-Canadian market. A 2008 poll conducted by Solutions Research Group revealed that Internet use among Chinese Canadians exceeds time spent listening to radio and watching TV combined. Media outlets such as 51.ca and singtao.ca, which serve as free markets for information for Canada’s Chinese community, have captured the attention of many Canadian advertisers. Chinese Canadians appreciate advertising delivered in their native tongue. “There’s a certain emotional connection a person makes when somebody speaks their own language,” said Solutions Research Group president Kaan Yigit. “It speaks to the issue of showing respect or feeling like you’re being acknowledged.”

People who identified themselves as “black” in the 2006 census are Canada’s third largest visible minority. While some members of this group trace their ancestry back to Africa, many others have more recently emigrated from the Caribbean. In recent years, many companies have developed special products, appeals, and marketing programs for this subculture. For example, Procter & Gamble has long been the leader in black advertising, spending nearly twice as much as the second-place spender. P&G also tailors products to the specific needs of black consumers. For example, its CoverGirl Queen Latifah line is specially formulated “to celebrate the beauty of women of colour.”

Though age is a demographic variable, some researchers also contend that different age cohorts have distinct cultures. As of July 2012, the median age in Canada was 40.0 years and higher than ever before (median age is defined as the point where exactly half of the population is older, and the other half is younger). According to the 2001 census, the median age was 37.6. To see how rapidly the Canadian population has aged, it is interesting to note that the median age in Canada in 1966 (the year when the last of the Baby Boomers was born) was 25.4 years. Thus, today, Canada’s working-age population is dominated by older individuals, but there are regional variations. Newfoundland and Labrador has the oldest population with a median age of 44.2. Alberta is the youngest, with a median age of 36.1. Because of high immigration rates, however, Canada’s population is not aging as fast as the population of the United States.
As the Canadian population ages, mature consumers are becoming a very attractive market. By 2015, when all of the baby boomers will be 50-plus, people aged 50 to 75 will account for 40 percent of adult consumers. By 2030, adults aged 65 and older will represent nearly 20 percent of the population. And these mature consumer segments boast the most expendable cash. The 50-plus consumer segment now accounts for nearly 50 percent of all consumer spending, more than any current or previous generation. They have 2.5 times the discretionary buying power of those aged 18 to 34. As one marketing executive puts it, they have “assets, not allowances.” Despite some financial setbacks resulting from the recent economic crisis, mature consumers remain an attractive market for companies in all industries, from pharmaceuticals, furniture, groceries, beauty products, and clothing, to consumer electronics, travel and entertainment, and financial services.

For decades, many marketers stereotyped mature consumers as doddering, impoverished shut-ins who are less willing to change brands. As a group, however, mature consumers are anything but “stuck in their ways.” To the contrary, a recent AARP study showed that older consumers for products such as stereos, computers, and mobile phones are more willing to shop around and switch brands than their younger counterparts. Companies such as Fairmont Hotels and The McLennan Group Insurance now promote directly to mature consumers on www.carp.ca, a website designed to promote the health and well-being of Canada’s aging population.

Most Canadians see themselves as middle class, and we are less likely or willing to think of ourselves in terms of social class than our neighbours south of the border. It is for this reason that the New Democratic Party no longer tries to appeal to “the working class” but to “ordinary Canadians.” Marketers are interested in social class because people within a given social class tend to exhibit similar buying behaviour. Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity, and automobiles.

A consumer’s behaviour also is influenced by social factors, such as the consumer’s small groups, family, and social roles and status.

Many small groups influence a person’s behaviour. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or behaviour. People often are influenced by reference groups to which they do not belong. For example, an aspirational group is one to which the individual wishes to belong, as when a young hockey player hopes to someday emulate Sidney Crosby and play in the NHL.

Marketers try to identify the reference groups of their target markets. Reference groups expose a person to new behaviours and lifestyles, influence the person’s attitudes and self-concept, and create pressures to conform that may affect the person’s
product and brand choices. The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects.

**Word-of-mouth influence** can have a powerful impact on consumer buying behaviour. The personal words and recommendations of trusted friends, associates, and other consumers tend to be more credible than those coming from commercial sources, such as advertisements or salespeople. Most word-of-mouth influence happens naturally: Consumers start chatting about a brand they use or feel strongly about one way or the other. Often, however, rather than leaving it to chance, marketers can help to create positive conversations about their brands.

Marketers of brands subjected to strong group influence must figure out how to reach **opinion leaders**—people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert social influence on others. Some experts call this 10 percent of consumers the **influentials** or **leading adopters**. When influential friends talk, consumers listen. Marketers try to identify opinion leaders for their products and direct marketing efforts toward them.

**Buzz marketing** involves enlisting or even creating opinion leaders to serve as “brand ambassadors” who spread the word about a company’s products. Many companies now create brand ambassador programs in an attempt to turn influential but everyday customers into brand evangelists. A recent study found that such programs can increase the effectiveness of word-of-mouth marketing efforts by as much as 50 percent. For example, read what Campus Intercept’s brand ambassadors accomplished for James Ready beer:

In 2009, James Ready beer, with the help of Toronto-based Campus Intercept, launched a unique campaign targeting its main market: students. Brand ambassadors were hired to run events at student-friendly pubs across Ontario, where participants were invited to play games, such as ring toss or beer pong, to win James Ready beer caps. They could then trade their winnings for products necessary for campus life, such as laundry detergent and deodorant.

In addition to hosting the events, brand ambassadors were responsible for marketing the campaign locally with posters, Facebook postings, and door-hangers in student housing. The unique campaign yielded a sales increase of 8.5 percent and market share growth of 31 percent for the beer company, and numerous awards for Leo Burnett, the ad agency involved in its creation. After five years of steady growth, primarily due to the male university market, the brand is poised to take its success to Western Canada and expand its primary market to include both students and blue-collar discount beer drinkers.

Over the past few years, a new type of social interaction has exploded onto the scene—online social networking. **Online social networks** are online communities where people socialize or exchange information and opinions. Social networking media range from blogs (Gizmodo, Zenhabits) and message boards ( Craigslist) to social networking websites (Facebook and Twitter) and virtual worlds (Second Life). This new form of consumer-to-consumer and business-to-consumer dialogue has big implications for marketers.
Marketers are working to harness the power of these new social networks and other “word-of-web” opportunities to promote their products and build closer customer relationships. Instead of throwing more one-way commercial messages at consumers, they hope to use the Internet and social networks to interact with consumers and become a part of their conversations and lives (see Marketing@Work 6.1).

For example, Red Bull has an astounding 8.4 million friends on Facebook; Twitter and Facebook are the primary ways it communicates with university students. Lululemon has over 470 000 followers on Twitter and often responds to customers’ tweets. P&G’s Old Spice brand put entertaining spokesman Isaiah Mustafa on the web and invited fans to use Twitter, Facebook, and other social media to pose questions that he would answer. The questions poured in and Mustafa responded quickly in more than 180 web videos, creating a real-time connection with the brand’s community.13

Most brands have built a comprehensive social media presence. Eco-conscious outdoor shoe and gear maker Timberland has created an online community (http://community.timberland.com) that connects like-minded “Earthkeepers” with each other and the brand through a network that includes several websites, a Facebook page, a YouTube channel, a Bootmakers Blog, an email newsletter, and several Twitter feeds.

Even small brands can leverage the power of the Internet and online social networks. For example, Blendtec has developed a kind of cult following for its flood of “Will It Blend?” online videos, in which the seemingly indestructible Blendtec Total Blender grinds everything from a hockey puck and a golf club to an iPhone and iPad into dust. The low-cost, simple idea led to a fivefold increase in Blendtec’s sales.

But marketers must be careful when tapping into online social networks. Results are difficult to measure and control. Ultimately, the users control the content, so social network marketing attempts can easily backfire. For example, when Skittles designed its website to include a live Twitter feed for Skittles-related tweets, pranksters laced Skittles tweets with profanities so they would end up on the candy’s website. Skittles was forced to abandon the campaign. We will dig deeper into online social networks as a marketing tool in Chapter 14.

**Family** Family members can strongly influence buyer behaviour. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services.

Husband–wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles. For example, in Canada and the United States, the wife traditionally has been considered
People love talking with others about things that make them happy—including their favourite products and brands. Say you really like WestJet—they fly with flair and get you there at an affordable price. Or you just plain love your new Sony GPS camera—it's too cool to keep to yourself. In the old days, you'd have chatted up these brands with a few friends and family members. But these days, thanks to online technology, anyone can share brand experiences with thousands, even millions, of other consumers via the web.

In response, marketers are now feverishly working to harness today's newfound technologies and get people interacting with their brands online. Whether it's creating online brand ambassadors, tapping into existing online influentials and social networks, or developing conversation-provoking events and videos, the Internet is awash with marketer attempts to create brand conversations and involvement online.

A company can start by creating its own online brand evangelists. That's what Ford did when it launched its Fiesta subcompact model, targeted heavily toward Millennials.

Generating buzz for the Fiesta among the incredibly web-savvy Millennials generation—which includes 70 million drivers—was a must. One study found that 77 percent of Millennials use a social networking site like Facebook or Twitter daily and 28 percent of them have a personal blog. So Ford created the Fiesta Movement campaign, in which it handed Fiestas to 100 influential 20-something Millennials selected from 4000 applicants. The Fiesta ambassadors lived with the cars for six months, completed monthly “missions” with different themes, and shared their experiences via blogs, tweets, Facebook updates, YouTube, and Flickr posts. Ford didn’t tell the ambassadors what to say, nor did it edit their content. “We told them to be completely honest,” says Ford’s social media manager. The successful Fiesta Movement ambassadors campaign generated 58 percent pre-launch awareness among Fiesta’s under-30 target consumers and a 14 percent reservation-to-purchase rate, compared to the company’s usual 1 to 2 percent rate.

Beyond creating their own brand ambassadors, companies looking to harness the web’s social power can work with the army of self-made influencers already plying today’s Internet—indepen dent bloggers. The blogosphere has exploded onto the scene in recent years. Two-thirds of all North American Internet users now read blogs regularly and nearly one-third write one. Believe it or not, there are almost as many people making a living as bloggers as there are lawyers. No matter what the interest area, there are probably hundreds of bloggers covering it. Moreover, research shows that 90 percent of bloggers post about their favourite and least favourite brands.

As a result, most companies try to form relationships with influential bloggers and online personalities. For example, to help build awareness for its six-year, US$3 billion Healthymagination health care innovation initiative, GE tapped well-known social network influentials, such as Justine Ezarik. Known online as iJustine, she has built a passionate, committed, and trusting audience—more than 1 million subscribers to her YouTube channels and 1.2 million Twitter followers. At GE’s request, iJustine posted a video on YouTube last year asking viewers how she can live a healthier life. More than 11,000 responded. She produced five videos about those ideas that were viewed more than 2.1 million times. GE’s Healthymagination effort received a shout-out in each video. “iJustine has tremendous credibility in the space,” says GE global advertising chief Judy Hu. “I could not believe the numbers. The views kept going up. It has a life of its own.”

The key is to find bloggers who have strong networks of relevant readers, a credible voice, and a good fit with the brand. For example, companies ranging from P&G and Johnson & Johnson to Walmart work closely with influential “mommy bloggers.” And you’ll no doubt cross paths with the likes of climbers blogging for North Face, bikers blogging for Harley-Davidson, and shoppers blogging for Whole Foods Market or Trader Joe’s.
Perhaps the best way to generate brand conversations and social involvement on the web is simply to do something conversation worthy—to actually involve people with the brand online. Pepsi's Mountain Dew brand runs “DEWmocracy” campaigns that invite avid Mountain Dew customers to participate at all levels in launching a new Mountain Dew flavour, from choosing and naming the flavour to designing the can to submitting and selecting TV commercials and even picking an ad agency and media. Presented through a dedicated website, as well as Facebook, Twitter, Flick, and other public network pages, DEWmocracy has been a perfect forum for getting youthful, socially-savvy Dew drinkers talking with each other and the company about the brand. For example, Mountain Dew’s Facebook fan page grew fivefold at the launch of the latest DEWmocracy campaign. The Canadian campaign, which allowed consumers to vote for one of four new flavours in June 2013, generated over 370,000 likes on Facebook.

Ironically, one of the simplest means of capturing social influence through the web is one of the oldest—produce a good ad that gets people talking. But in this day and age, both the ads and the media have changed. Almost every brand, large and small, is now creating innovative brand-sponsored videos, posting them online, and hoping they’ll go viral. The videos range from traditional 60-second ads to intricate 10- or 12-minute film shorts. Top innovative viral video ads from the past few years, as rated by social media guide mashable.com, have included everything from a very creative three-minute ad for a small Charlotte, North Carolina, ad agency to a heart-tugging British public service announcement urging people to “Embrace Life” and always wear seatbelts.

Such videos can create lots of attention and talk. For example, the Embrace Life video drew more than 13 million YouTube views. One five-minute action video for Inspired Bicycles garnered 15 million rapt views, while a 12-minute love story for Schweppes drew nearly four million views and critical acclaim.

So, whether through online ambassadors, bloggers, social networks, or talked-about videos and events, companies are finding innovative ways to tap social influence online. Called word-of-web, it’s growing fast as the place to be—for both consumers and marketers. Last year, the time consumers spent on social networking sites nearly tripled; marketer spending at those sites nearly kept pace. “Social [media] is one of the key trends driving business,” says a social marketing executive. “It’s more than pure marketing. It’s about fast connections with customers and building an ongoing relationship.”


Exhibit 6.6 Using online social networks: Blendtec has developed a kind of cult following for its flood of “Will It Blend?” videos on YouTube, resulting in a fivefold increase in Blendtec’s sales.

the main purchasing agent for the family in the areas of food, household products, and clothing. But with more women working outside the home and the willingness of husbands to do more of the family’s purchasing, all this is changing. A recent survey of men ages 18 to 74 found that more than half now identify themselves as primary grocery shoppers in their households. At the same time, today women account for 50 percent of all technology purchases and influence two-thirds of all new car purchases. Such shifting roles signal a new marketing reality. Marketers in industries that have traditionally sold their products to only women or only men—from groceries and personal care products to cars and consumer electronics—are now courting the opposite sex.

Children may also have a strong influence on family buying decisions. Canadian kids influence some $20 million in household spending each year and have memorized between 300 and 400 brand names by the age of 10. They also influence how much their families spend on them in areas
such as food, clothing, entertainment, and personal care items. One study found that kids significantly influence family decisions about everything from what cars they buy to where they eat out and take vacations.\textsuperscript{15}

For example, to encourage families to take their children out to eat, several restaurants in Calgary reach out to children with everything from sophisticated children's menus and special deals, to a wealth of kid-focused activities. At Applebee's, children eat free on Mondays with the purchase of an adult entree. The Boston Pizza on Bow Trail has a magician who entertains kids with magic tricks and makes balloon animals. And Montana's paper-covered tables with crayons are always a hit with kids (and some adults).

**ROLES AND STATUS** A person belongs to many groups—family, clubs, organizations. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the persons around them. Each role carries a status reflecting the general esteem given to it by society.

People usually choose products appropriate to their roles and status. Consider the various roles a working mother plays. In her company, she plays the role of a brand manager; in her family, she plays the role of wife and mother; at her favourite sporting events, she plays the role of avid fan. As a brand manager, she will buy the kind of clothing that reflects her role and status in her company.

**Personal Factors** A buyer's decisions also are influenced by personal characteristics such as the buyer's age and life-cycle stage, occupation, economic situation, lifestyle, and personality, and self-concept.

**AGE AND LIFE-CYCLE STAGE** People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age-related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Life-stage changes usually result from demographics and life-changing events—marriage, having children, purchasing a home, divorce, children going to college, changes in personal income, moving out of the house, and retirement. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage.

Consumer information giant Acxiom's PersonicX life-stage segmentation system places households into one of 70 consumer segments and 21 life-stage groups, based on specific consumer behaviour and demographic characteristics. PersonicX includes life-stage groups with names such as Beginnings, Taking Hold, Cash & Careers, Jumbo Families, Transition Blues, Our Turn, Golden Years, and Active Elders. For example, the Taking Hold group consists of young, energetic, well-funded couples and young families who are busy with their careers, social lives, and interests, especially fitness and active recreation. Transition Blues are blue-collar, less-educated, mid-income consumers who are transitioning to stable lives and talking about marriage and children.

"Consumers experience many life-stage changes during their lifetimes," says Acxiom. "As their life stages change, so do their behaviour and purchasing preferences." Armed with data about the timing and makeup of life-stage changes, marketers can create targeted, personalized campaigns.\textsuperscript{16}

In line with today's tougher economic times, Acxiom has also developed a set of economic life-stage segments, including groups such as Squeaking By, Eye on Essentials, Tight with a Purpose, It's My Life, Full Speed Ahead, and Potential Rebounders.
The Potential Rebounders are those more likely to loosen up on spending sooner. This group appears more likely than other segments to use online research before purchasing electronics, appliances, home decor, and jewelry. Thus, home improvement retailers appealing to this segment should have a strong online presence, providing pricing, features and benefits, and product availability.

**OCCUPATION** A person’s occupation affects the goods and services bought. Blue-collar workers tend to buy more rugged work clothes, whereas executives buy more business suits. Marketers try to identify the occupational groups that have an above-average interest in their products and services. A company can even specialize in making products needed by a given occupational group. For example, Moores Clothing for Men has grown to become Canada’s leading national retailer of men’s business attire. In 30 years, the company has grown to more than 100 stores across Canada, including stores in virtually every major city. The company’s founders attribute their success to their commitment to offer Canada’s largest selection of quality menswear at the lowest possible everyday prices, and to customer satisfaction. The company guarantees its customers that “if for any reason you are not satisfied with any Moores purchase, simply bring it back for a full refund or exchange.” The company strives “to provide customers with everything they want: high quality, outstanding selection, superior customer service, and everyday low prices.”

**ECONOMIC SITUATION** A person’s economic situation will affect his or her store and product choices. Marketers watch trends in personal income, savings, and interest rates. Following the recent recession, most companies are taking steps to redesign, reposition, and reprice their products. For example, to counter the lingering long-term effects of the recession, upscale discounter Target has replaced some of its “chic” with “cheap.” It has even introduced periodic “Great Save” events featuring exceptional deals on everyday essentials—a kind of treasure-hunt experience to challenge warehouse retailers such as Costco. “Our [tagline] is ‘Expect more. Pay less.’” says one Target marketer. These days, “we’re putting more emphasis on the pay less promise.” As discussed in the opening story in Chapter 1, Canadian brand Joe Fresh recently signed a deal with major US retailer JCPenney to bring “stylish, fresh and affordable fashion” to nearly 700 locations in the US market.

**LIFESTYLE** People coming from the same subculture, social class, and occupation may have quite different lifestyles. Lifestyle is a person’s pattern of living as expressed in his or her psychographics. It involves measuring consumers’ major AIO dimensions—activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). Lifestyle captures something more than the person’s social class or personality. It profiles a person’s whole pattern of acting and interacting in the world.

When used carefully, the lifestyle concept can help marketers understand changing consumer values and how they affect buying behaviour. Consumers don’t just buy products; they buy the values and lifestyles those products represent. For example,
Triumph doesn’t just sell motorcycles; it sells an independent, “Go your own way” lifestyle. Similarly, Harley-Davidson tells customers to “grab life by the bars.” And Tilley Endurables doesn’t just sell high quality hats and accessories. It positions itself as the hat that “goes with anywhere,” targeting active Canadians travelling the world.

**PERSONALITY AND SELF-CONCEPT** Each person’s distinct personality influences his or her buying behaviour. *Personality* refers to the unique psychological characteristics that distinguish a person or group. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behaviour for certain product or brand choices.

The idea is that brands also have personalities, and consumers are likely to choose brands with personalities that match their own. A *brand personality* is the specific mix of human traits that may be attributed to a particular brand. One researcher identified five brand personality traits: *sincerity* (down-to-earth, honest, wholesome, and cheerful); *excitement* (daring, spirited, imaginative, and up-to-date); *competence* (reliable, intelligent, and successful); *sophistication* (upper class and charming); and *ruggedness* (outdoorsy and tough). “Your personality determines what you consume, what TV shows you watch, what products you buy, and [most] other decisions you make,” says one consumer behaviour expert.19

Most well-known brands are strongly associated with one particular trait: Jeep with “ruggedness,” Apple with “excitement,” CNN with “competence,” and Dove with “sincerity.” Hence, these brands will attract persons who are high on the same personality traits.

Many marketers use a concept related to personality—a person’s *self-concept* (also called *self-image*). The idea is that people’s possessions contribute to and reflect their identities—that is, “we are what we have.” Thus, to understand consumer behaviour, the marketer must first understand the relationship between consumer self-concept and possessions.

For example, Unilever’s Axe men’s personal care products brand projects a young, confident, manly, and mischievous personality. Dubbed the Axe Effect, Axe ads around the world show how men who use the brand get the woman (or women). One ad from the United Arab Emirates shows a man in a bathtub with women’s feet sticking out the other side. An alternative media ad placed next to local emergency exits in Belgium shows stick figures of a man fleeing to the exit pursued by avid female admirers. An Axe ad from Brazil features a wedding cake with a bride and groom on top with other brides scaling the tiers of cake to get to the groom.20
Psychological Factors A person’s buying choices are further influenced by four major psychological factors: motivation, perception, learning, and beliefs and attitudes.

MOTIVATION A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, or discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive (or drive) is a need that is sufficiently pressing to direct the person to seek satisfaction. Psychologists have developed theories of human motivation. Two of the most popular—the theories of Sigmund Freud and Abraham Maslow—have quite different meanings for consumer analysis and marketing.

Sigmund Freud assumed that people are largely unconscious about the real psychological forces shaping their behaviour. He saw the person as growing up and repressing many urges. These urges are never eliminated or under perfect control; they emerge in dreams, in slips of the tongue, in neurotic and obsessive behaviour, or ultimately in psychoses.

Freud’s theory suggests that a person’s buying decisions are affected by subconscious motives that even the buyer may not fully understand. Thus, an aging Baby Boomer who buys a sporty BMW 330Ci convertible might explain that he simply likes the feel of the wind in his thinning hair. At a deeper level, he may be trying to impress others with his success. At a still deeper level, he may be buying the car to feel young and independent again.

The term motivation research refers to qualitative research designed to probe consumers’ hidden, subconscious motivations. Consumers often don’t know or can’t describe just why they act as they do. Thus, motivation researchers use a variety of probing techniques to uncover underlying emotions and attitudes toward brands and buying situations.

Many companies employ teams of psychologists, anthropologists, and other social scientists to carry out motivation research. One ad agency routinely conducts one-on-one, therapy-like interviews to delve into the inner workings of consumers. Another company asks consumers to describe their favourite brands as animals or cars (say, Mercedes versus Chevrolets) in order to assess the prestige associated with various brands. Still others rely on hypnosis, dream therapy, or soft lights and mood music to plumb the murky depths of consumer psyches.

Such projective techniques seem pretty goofy, and some marketers dismiss such motivation research as mumbo-jumbo. But many marketers use such touchy-feely approaches, now sometimes called interpretive consumer research, to dig deeper into consumer psyches and develop better marketing strategies.

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Why does one person spend much time and energy on personal safety and another on gaining the esteem of others? Maslow’s answer is that human needs are arranged in a hierarchy, as shown in Figure 6.3, from the most pressing at the bottom to
They include physiological needs, safety needs, social needs, esteem needs, and self-actualization needs.

A person tries to satisfy the most important need first. When that need is satisfied, it will stop being a motivator and the person will then try to satisfy the next most important need. For example, starving people (physiological need) will not take an interest in the latest happenings in the art world (self-actualization needs), nor in how they are seen or esteemed by others (social or esteem needs), nor even whether they are breathing clean air (safety needs). But as each important need is satisfied, the next most important need will come into play. Critics of Maslow’s Hierarchy argue that human motivation does not always follow this hierarchical structure. For example, consumers may often seek to satisfy esteem needs by purchasing a $400 pair of designer jeans, while ignoring lower-order safety needs by not paying the rent!

**PERCEPTION** A motivated person is ready to act. How the person acts is influenced by his or her perception of the situation. All of us learn by the flow of information through our five senses: sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way. Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

People can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. People are exposed to a great amount of stimuli every day. For example, people are exposed to an estimated 3000 to 5000 ad messages every day. It is impossible for a person to pay attention to all these stimuli. Selective attention—the tendency for people to screen out most of the information to which they are exposed—means that marketers must work especially hard to attract the consumer’s attention.22

Even noticed stimuli do not always come across in the intended way. Each person fits incoming information into an existing mindset. Selective distortion describes the tendency of people to interpret information in a way that will support what they already believe. People also will forget much of what they learn. They tend to retain information that supports their attitudes and beliefs. Selective retention means that consumers are likely to remember good points made about a brand they favour and to forget good
points made about competing brands. Because of selective attention, distortion, and retention, marketers must work hard to get their messages through.

Interestingly, although most marketers worry about whether their offers will be perceived at all, some consumers worry that they will be affected by marketing messages without even knowing it—through *subliminal advertising*. More than 50 years ago, a researcher announced that he had flashed the phrases “Eat popcorn” and “Drink Coca-Cola” on a screen in a New Jersey movie theatre every five seconds for one three-hundredths of a second. He reported that although viewers did not consciously recognize these messages, they absorbed them subconsciously and bought 58 percent more popcorn and 18 percent more Coke. Suddenly advertisers and consumer-protection groups became intensely interested in subliminal perception. Although the researcher later admitted to making up the data, the issue has not died. Some consumers still fear that they are being manipulated by subliminal messages.

Numerous studies by psychologists and consumer researchers have found little or no link between subliminal messages and consumer behaviour. Recent brainwave studies have found that in certain circumstances, our brains may register subliminal messages. However, it appears that subliminal advertising simply doesn’t have the power attributed to it by its critics. Scoffs one industry insider, “Just between us, most [advertisers] have difficulty getting a 2 percent increase in sales with the help of $50 million in media and extremely liminal images of sex, money, power, and other [motivators] of human emotion. The very idea of [us] as puppeteers, cruelly pulling the strings of consumer marionettes, is almost too much to bear.”

**Learning**  When people act, they learn. Learning describes changes in an individual’s behaviour arising from experience. Learning theorists say that most human behaviour is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

A *drive* is a strong internal stimulus that calls for action. A drive becomes a motive when it is directed toward a particular *stimulus object*. For example, a person’s drive for self-actualization might motivate him or her to look into buying a camera. The consumer’s response to the idea of buying a camera is conditioned by the surrounding cues. *Cues* are minor stimuli that determine when, where, and how the person responds. For example, the person might spot several camera brands in a shop window, hear of a special sale price, or discuss cameras with a friend. These are all cues that might influence a consumer’s *response* to his or her interest in buying the product.

Suppose the consumer buys a Nikon camera. If the experience is rewarding, the consumer will probably use the camera more and more, and his or her response will be *reinforced*. Then, the next time the consumer shops for a camera, or for binoculars, or some similar product, the probability is greater that he or she will buy a Nikon product. The practical significance of learning theory for marketers is that they can build up demand for a product by associating it with strong drives, by using motivating cues, and by providing positive reinforcement.

**Beliefs and Attitudes**  Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behaviour. A *belief* is a descriptive
thought that a person has about something. Beliefs may be based on real knowledge, opinion, or faith and may or may not carry an emotional charge. Marketers are interested in the beliefs that people formulate about specific products and services, because these beliefs make up product and brand images that affect buying behaviour. If some of the beliefs are wrong and prevent purchase, the marketer will want to launch a campaign to correct them.

People have attitudes regarding religion, politics, clothes, music, food, and almost everything else. **Attitude** describes a person’s relatively consistent evaluations, feelings, and tendencies toward an object or an idea. Attitudes put people into a frame of mind of liking or disliking things, of moving toward or away from them. Our camera buyer may hold attitudes such as “Buy the best,” “The Japanese make the best electronics products in the world,” and “Creativity and self-expression are among the most important things in life.” If so, the Nikon camera would fit well into the consumer’s existing attitudes.

Attitudes are difficult to change. A person’s attitudes fit into a pattern; changing one attitude may require difficult adjustments in many others. Thus, a company should usually try to fit its products into existing attitudes rather than attempt to change attitudes. For example, today’s beverage marketers now cater to people’s new attitudes about health and well-being with drinks that do a lot more than just taste good or quench your thirst. Pepsi’s SoBe brand, for example, offers “Lifewater,” “elixirs” (juices), and teas—all packed with vitamins, minerals, herbal ingredients, and antioxidants but without artificial preservatives, sweeteners, or colours. SoBe promises drinks that are good tasting (with flavours like YumBerry Pomegranate Purify, Energize Mango Melon, and Orange Cream Tsunami) but are also good for you. By matching today’s attitudes about life and healthful living, the SoBe brand has become a leader in the New Age beverage category.

We can now appreciate the many forces acting on consumer behaviour. The consumer’s choice results from the complex interplay of cultural, social, personal, and psychological factors.

### The Buyer Decision Process

Now that we have looked at the influences that affect buyers, we are ready to look at how consumers make buying decisions. Figure 6.4 shows that the buyer decision process consists of five stages: **need recognition**, **information search**, **evaluation of alternatives**, **purchase decision**, and **postpurchase behaviour**. Clearly, the buying process starts long before the actual purchase and continues long after. Marketers need to focus on the entire buying process rather than on just the purchase decision.

The figure suggests that consumers pass through all five stages with every purchase. But in more routine purchases, consumers often skip or reverse some of these stages. A woman buying her regular brand of toothpaste would recognize the need and go right to the purchase decision, skipping information search and evaluation. However, we use the model in Figure 6.4 because it shows all the considerations that arise when a consumer faces a new and complex purchase situation.

**Exhibit 6.12 Beliefs and attitudes**: By matching today’s attitudes about life and healthful living, the SoBe brand has become a leader in the New Age beverage category.
need Recognition

The buying process starts with need recognition—the buyer recognizes a problem or need. The need can be triggered by internal stimuli when one of the person's normal needs—hunger, thirst, sex—rises to a level high enough to become a drive. A need can also be triggered by external stimuli. For example, an advertisement or a discussion with a friend might get you thinking about buying a new car. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product.

Information Search

An interested consumer may or may not search for more information. If the consumer’s drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may store the need in memory or undertake an information search related to the need. For example, once you’ve decided you need a new car, at the least, you will probably pay more attention to car ads, cars owned by friends, and car conversations. Or you may actively search the web, talk with friends, and gather information in other ways.

Consumers can obtain information from any of several sources. These include personal sources (family, friends, neighbours, acquaintances), commercial sources (advertising, salespeople, dealer websites, packaging, displays), public sources (mass media, consumer rating organizations, Internet searches), and experiential sources (handling, examining, using the product). The relative influence of these information sources varies with the product and the buyer.

Generally, the consumer receives the most information about a product from commercial sources—those controlled by the marketer. The most effective sources, however, tend to be personal. Commercial sources normally inform the buyer, but personal sources legitimate or evaluate products for the buyer. As one marketer states, “It’s rare that an advertising campaign can be as effective as a neighbour leaning over the fence and saying, ‘This is a wonderful product.’” Increasingly, that “fence” is a digital one. A recent study revealed that consumers find sources of user-generated content—discussion forums, blogs, online review sites, and social networking sites—three times more influential when making a purchase decision than conventional marketing methods such as TV advertising.

As more information is obtained, the consumer’s awareness and knowledge of the available brands and features increase. In your car information search, you may learn about the several brands available. The information might also help you to drop certain brands from consideration. A company must design its marketing mix to make prospects aware of and knowledgeable about its brand. It should carefully identify consumers’ sources of information and the importance of each source.

Evaluation of Alternatives

We have seen how the consumer uses information to arrive at a set of final brand choices. How does the consumer choose among the alternative brands? The marketer needs to know about alternative evaluation—that is, how the consumer processes information to arrive at brand choices. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations. Instead, several evaluation processes are at work.
The consumer arrives at attitudes toward different brands through some evaluation procedure. How consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, online reviews, or salespeople for buying advice.

Suppose you’ve narrowed your car choices to three brands. And suppose that you are primarily interested in four attributes—styling, operating economy, warranty, and price. By this time, you’ve probably formed beliefs about how each brand rates on each attribute. Clearly, if one car rated best on all the attributes, we could predict that you would choose it. However, the brands will no doubt vary in appeal. You might base your buying decision on only one attribute, and your choice would be easy to predict. If you wanted styling above everything else, you would buy the car that you think has the best styling. But most buyers consider several attributes, each with different importance. If we knew the importance that you assigned to each of the four attributes, we could predict your car choice more reliably.

Marketers should study buyers to find out how they actually evaluate brand alternatives. If they know what evaluative processes go on, marketers can take steps to influence the buyer’s decision.

**Purchase Decision**  In the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, the consumer’s *purchase decision* will be to buy the most
preferred brand, but two factors can come between the purchase intention and the purchase decision. The first factor is the attitudes of others. If someone important to you thinks that you should buy the lowest-priced car, then the chances of you buying a more expensive car are reduced.

The second factor is unexpected situational factors. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. For example, the economy might take a turn for the worse, a close competitor might drop its price, or a friend might report being disappointed in your preferred car. Thus, preferences and even purchase intentions do not always result in actual purchase choice.

Postpurchase Behaviour The marketer’s job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in postpurchase behaviour of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the consumer's expectations and the product's perceived performance. If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. The larger the gap between expectations and performance, the greater the consumer's dissatisfaction. This suggests that sellers should promise only what their brands can deliver so that buyers are satisfied.

Almost all major purchases, however, result in cognitive dissonance, or discomfort caused by postpurchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. So consumers feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus, consumers feel at least some postpurchase dissonance for every purchase.  

Why is it so important to satisfy the customer? Customer satisfaction is a key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favourably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. Many marketers go beyond merely meeting the expectations of customers—they aim to delight the customer.

A dissatisfied consumer responds differently. Bad word-of-mouth often travels farther and faster than good word-of-mouth. It can quickly damage consumer attitudes about a company and its products. But companies cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. Most unhappy customers never tell the company about their problem. Therefore, a company should measure customer satisfaction regularly. It should set up systems that encourage customers to complain. In this way, the company can learn how well it is doing and how it can improve.

By studying the overall buyer decision, marketers may be able to find ways to help consumers move through it. For example, if consumers are not buying a new product because they do not perceive a need for it, marketing might launch advertising messages that trigger the need and show how the product solves customers’ problems. If customers know about the product but are not buying because they
hold unfavourable attitudes toward it, the marketer must find ways to change either the product or consumer perceptions.

The Buyer Decision Process for New Products

We have looked at the stages buyers go through in trying to satisfy a need. Buyers may pass quickly or slowly through these stages, and some of the stages may even be reversed. Much depends on the nature of the buyer, the product, and the buying situation.

We now look at how buyers approach the purchase of new products. A new product is a good, service, or idea that is perceived by some potential customers as new. It may have been around for a while, but our interest is in how consumers learn about products for the first time and make decisions on whether to adopt them. We define the adoption process as “the mental process through which an individual passes from first learning about an innovation to final adoption,” and adoption as the decision by an individual to become a regular user of the product.26

Stages in the Adoption Process

Consumers go through five stages in the process of adopting a new product:

- **Awareness**: The consumer becomes aware of the new product, but lacks information about it.
- **Interest**: The consumer seeks information about the new product.
- **Evaluation**: The consumer considers whether trying the new product makes sense.
- **Trial**: The consumer tries the new product on a small scale to improve his or her estimate of its value.
- **Adoption**: The consumer decides to make full and regular use of the new product.

This model suggests that new-product marketers should think about how to help consumers move through these stages. For example, Best Buy recently developed a unique way to help concerned customers get past a hurdle in the buying process and make a positive buying decision for new televisions.27

Prior to the recent holiday shopping season, to convince buyers to upgrade to new models, television manufacturers offered a flurry of new technologies and loaded their marketing pitches with techie jargon such as 3D, ultrathin, Wi-Fi-capable, widget-equipped, and Internet-ready. However, rather than spurring new purchases, the pitches created a barrier to buying—fear among buyers that whatever they bought might soon be obsolete. In one study, 40 percent of consumers said that concerns about technology becoming outdated were preventing them from buying electronic products such as TVs, mobile phones, and computers. That left electronics retailers like Best Buy with aisles stacked high with unsold electronics.

To help customers past this buying hurdle, Best Buy began offering a Future-Proof Buy Back Program. For an up-front fee of 7 to 20 percent of the price, Best Buy promises customers that, when they’re ready for something new, it will redeem purchases in good working order for up to 50 percent of the purchase price, depending on how many months pass before they upgrade. “There is a fair number of consumers on the bubble, not quite willing to make a purchase because they fear some other new thing will come down very quickly,” says a Best Buy executive. “We want them to go ahead and make that purchase with confidence.”

Individual Differences in Innovativeness

People differ greatly in their readiness to try new products. In each product area, there are “consumption pioneers” and early adopters. Other individuals adopt new products much later. People can be classified into the adopter categories shown in Figure 6.5. After a slow start, an increasing number of
people adopt the new product. The number of adopters reaches a peak and then drops off as fewer non-adopters remain. Innovators are defined as the first 2.5 percent of the buyers to adopt a new idea (those beyond two standard deviations from mean adoption time); the early adopters are the next 13.5 percent (between one and two standard deviations); and so forth.

The five adopter groups have differing values. Innovators are venturesome—they try new ideas at some risk. Early adopters are guided by respect—they are opinion leaders in their communities and adopt new ideas early but carefully. The early majority are deliberate—although they rarely are leaders, they adopt new ideas before the average person. The late majority are skeptical—they adopt an innovation only after a majority of people have tried it. Finally, laggards are tradition bound—they are suspicious of changes and adopt the innovation only when it has become something of a tradition itself.

This adopter classification suggests that an innovating firm should research the characteristics of innovators and early adopters in their product categories and should direct marketing efforts toward them.

**Influence of Product Characteristics on Rate of Adoption**

The characteristics of the new product affect its rate of adoption. Some products catch on almost overnight—for example, the iPod and iPhone, both of which flew off retailers’ shelves at an astounding rate from the day they were introduced. Others take a longer time to gain acceptance. For example, the first HDTVs were introduced in North America in the 1990s, but the percentage of households owning a high definition set stood at only 12 percent by 2007 and 61 percent by 2010.28

Five characteristics are especially important in influencing an innovation’s rate of adoption. For example, consider the characteristics of HDTV in relation to the rate of adoption:

- **Relative advantage:** the degree to which the innovation appears superior to existing products. HDTV offers substantially improved picture quality. This speeded up its rate of adoption.
- **Compatibility:** the degree to which the innovation fits the values and experiences of potential consumers. HDTV, for example, is highly compatible with the lifestyles of the TV-watching public. However, in the early years, HDTV was not yet compatible with programming and broadcasting systems, slowing adoption. Now, as high
definition programs and channels have become the norm, the rate of HDTV adoption has increased rapidly.

- **Complexity**: the degree to which the innovation is difficult to understand or use. HDTVs are not very complex. Therefore, as more programming has become available and prices have fallen, the rate of HDTV adoption is increasing faster than that of more complex innovations.

- **Divisibility**: the degree to which the innovation may be tried on a limited basis. Early HDTVs and HD cable and satellite systems were very expensive, slowing the rate of adoption. As prices fall, adoption rates are increasing.

- **Communicability**: the degree to which the results of using the innovation can be observed or described to others. Because HDTV lends itself to demonstration and description, its use will spread faster among consumers.

Other characteristics influence the rate of adoption, such as initial and ongoing costs, risk and uncertainty, and social approval. The new-product marketer must research all these factors when developing the new product and its marketing program.

### Business Markets and Business Buyer Behaviour

**Business Markets**

The business market is huge. In fact, business markets involve far more dollars and items than do consumer markets. For example, think about the large number of business transactions involved in the production and sale of a single set of Goodyear tires. Various suppliers sell Goodyear the rubber, steel, equipment, and other goods that it needs to produce tires. Goodyear then sells the finished tires to retailers, who in turn sell them to consumers. Thus, many sets of business purchases were made for only one set of consumer

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**Business buyer behaviour**

The buying behaviour of the organizations that buy goods and services for use in the production of other products and services or to resell or rent them to others at a profit.
purchases. In addition, Goodyear sells tires as original equipment to manufacturers who install them on new vehicles, and as replacement tires to companies that maintain their own fleets of company cars, trucks, buses, or other vehicles.

In some ways, business markets are similar to consumer markets. Both involve people who assume buying roles and make purchase decisions to satisfy needs. However, business markets differ in many ways from consumer markets. The main differences are in market structure and demand, the nature of the buying unit, and the types of decisions and the decision process involved.

**Market Structure and Demand** The business marketer normally deals with *far fewer but far larger buyers* than the consumer marketer does. Even in large business markets, a few buyers often account for most of the purchasing. For example, when Goodyear sells replacement tires to final consumers, its potential market includes the owners of the millions of cars currently in use around the world. But Goodyear’s fate in the business market depends on getting orders from one of only a handful of large automakers.

Further, business demand is *derived demand*—it ultimately derives from the demand for consumer goods. For example, W. L. Gore & Associates sells its Gore-Tex brand to manufacturers who make and sell outdoor apparel brands made from Gore-Tex fabrics. If demand for these brands increases, so does demand for Gore-Tex fabrics. So to boost demand for Gore-Tex, Gore advertises to final consumers to educate them on the benefits of Gore-Tex fabrics in the brands they buy. It also directly markets brands containing Gore-Tex—from Arc’teryx, Marmot, and The North Face to Burton and L.L. Bean—on its own website (www.gore-tex.com).

To deepen its direct relationship with outdoor enthusiasts further, Gore even sponsors an “Experience More” online community in which members can share experiences and videos, connect with outdoor experts, and catch exclusive gear offers from partner brands. As a result, consumers around the world have learned to look for the familiar Gore-Tex brand label, and both Gore and its partner brands win. No matter what brand of apparel or footwear you buy, says the label, if it’s made with Gore-Tex fabric, it’s “guaranteed to keep you dry.”

Finally, many business markets have *inelastic and more fluctuating demand*. The total demand for many business products is not much affected by price changes, especially in the short run. A drop in the price of leather will not cause shoe manufacturers to buy much more leather unless it results in lower shoe prices that, in turn, increase consumer demand for shoes. And the demand for many business goods and services tends to change more—and more quickly—than does the demand for consumer goods and services. A small percentage increase in consumer demand can cause large increases in business demand.

**Nature of the Buying Unit** Compared with consumer purchases, a business purchase usually involves *more decision participants* and a *more professional purchasing effort*. Often, business buying is done by trained purchasing agents who spend their working lives learning how to buy better. The more complex the purchase, the more likely it is that several people will participate in the decision-making process. Buying committees made up of technical experts and top management are common in the buying of major

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**Derived demand**

Business demand that ultimately comes from (derives from) the demand for consumer goods.
goods. Beyond this, B-to-B marketers now face a new breed of higher-level, better-trained supply managers. Therefore, companies must have well-trained marketers and salespeople to deal with these well-trained buyers.

**Types of Decisions and the Decision Process** Business buyers usually face *more complex* buying decisions than do consumer buyers. Business purchases often involve large sums of money, complex technical and economic considerations, and interactions among many people at many levels of the buyer’s organization. Because the purchases are more complex, business buyers may take longer to make their decisions. The business buying process also tends to be *more formalized* than the consumer buying process. Large business purchases usually call for detailed product specifications, written purchase orders, careful supplier searches, and formal approval.

Finally, in the business buying process, the buyer and seller are often much *more dependent* on each other. B-to-B marketers may roll up their sleeves and work closely with their customers during all stages of the buying process—from helping customers define problems, to finding solutions, to supporting after-sale operation. They often customize their offerings to individual customer needs. In the short run, sales go to suppliers who meet buyers’ immediate product and service needs. In the long run, however, business-to-business marketers keep a customer’s sales and create customer value by meeting current needs *and* by partnering with customers to help them solve their problems. For example, Dow Performance Plastics doesn’t just sell commodity plastics to its industrial customers—it works *with* these customers to help them succeed in their own markets. (See Marketing @ Work 6.2.)

In recent years, relationships between customers and suppliers have been changing from downright adversarial to close and chummy. In fact, many customer companies are now practicing *supplier development*, systematically developing networks of supplier-partners to ensure a dependable supply of products and materials that they use in making their own products or reselling to others. For example, Walmart doesn’t have a “Purchasing Department”; it has a “Supplier Development Department.” The giant retailer knows that it can’t just rely on spot suppliers who might be available when needed. Instead, Walmart manages a robust network of supplier-partners that help provide the hundreds of billions of dollars of goods that it sells to its customers each year.

**Business Buyer Behaviour**

At the most basic level, marketers want to know how business buyers will respond to various marketing stimuli. Figure 6.6 shows a model of business buyer behaviour. In this model, marketing and other stimuli affect the buying organization and produce certain buyer responses. These stimuli enter the organization and are turned into buyer responses. To design good marketing strategies, the marketer must understand what happens within the organization to turn stimuli into purchase responses.

Within the organization, buying activity consists of two major parts: the buying centre, made up of all the people involved in the buying decision, and the buying decision process. The model shows that the buying centre and the buying decision process are influenced by internal organizational, interpersonal, and individual factors as well as by external environmental factors.

The model in Figure 6.6 suggests four questions about business buyer behaviour: What buying decisions do business buyers make? Who participates in the buying process? What are the major influences on buyers? How do business buyers make their buying decisions?
When you pick up your cellphone to text a friend or hop into your car to head for the mall, you probably don’t think much about the plastics that make those state-of-the-art products possible. But at Dow Performance Plastics, thinking about how plastics can make our lives better is at the very core of its business strategy. What makes that noteworthy is that Dow doesn’t sell its products to you and me. Instead, it sells mountains of raw materials to its business customers, who in turn sell parts to companies—such as Nokia and BMW—who sell their products to final users. But Dow Performance Plastics understands that its own success depends heavily on how successfully its business customers use Dow plastic polymers and resins in satisfying final consumer needs. It’s not just selling commodity plastics; it’s helping the businesses that buy its plastics materials to be heroes with their own customers.

To get a better perspective on this strategy, let’s go back a few years. In the late 1980s, The Dow Chemical Company realigned its dozen or so widely varied plastics businesses into a single subsidiary, called Dow Plastics (now Dow Performance Plastics). One of the first things Dow had to do was to decide how to position its new division competitively. Initial research showed that Dow Plastics rated a distant third in customer preference behind industry leaders DuPont and GE Plastics. The research also revealed, however, that customers were unhappy with the service—or lack thereof—that they received from all three suppliers. “Vendors peddled resins as a commodity,” said the then head of Dow Plastics’ advertising agency. “They competed on price and delivered on time but gave no service.”

These findings led to a positioning strategy that went far beyond simply selling good products and delivering them on time. Dow Plastics set out to build deeper relationships with business customers. The organization wasn’t just selling products and value-added services; it was partnering with customers to help them win with their own final consumers. Said the agency executive, “Whether they’re using Dow’s plastics to make bags for Safeway or for complex [automotive] applications, we had to help them succeed in their markets.” This new thinking was summed up in the positioning statement, “We don’t succeed unless you do.”

This new philosophy got Dow out of selling just plastics and into selling customer success. The problems of Dow’s organizational customers became more than just engineering challenges. Dow’s business customers sell to somebody else, so the company now faced new challenges of marketing to and helping satisfy customers’ customers. Over the past two decades, the customer success philosophy has come to permeate everything Dow does. Dow isn’t just selling plastics to its business customers; it works with them to grow and succeed together. Now, whenever Dow people encounter a new plastics product or market, the first question they always ask is, “How does this help our customers succeed?”

For example, carmaker BMW sells to some of the world’s most demanding customers. BMW owners want high performance, but they also want reasonable prices and fuel economy. Thus, to help deliver more value to its customers, BMW looked for two important attributes in every vehicle component: cost savings and weight reduction. Lower costs mean more palatable prices for car buyers, and weight reduction yields customer benefits such as improved fuel economy, increased acceleration, and better handling and braking.

So when BMW and its electronic parts supplier Tyco needed an advanced electronics box for the engine compartment of BMW’s latest 7 Series models, they looked for something that would not only meet complex performance specifications but also be cost efficient and lightweight. Enter Dow. Working together, the Dow-Tyco team developed a lightweight plastic box that yields “exceptional dimensional stability, low warpage, low weight, and improved hydrolysis resistance,” all at a surprisingly economical cost.

That might sound like gibberish to you, but it’s sweet music to companies like Tyco and BMW. In the final analysis, of course, the folks at Dow care most about how such parts will help BMW succeed with car buyers. The more cars BMW
Major Types of Buying Situations There are three major types of buying situations. In a **straight rebuy**, the buyer reorders something without any modifications. It is usually handled on a routine basis by the purchasing department. To keep the business, “in” suppliers try to maintain product and service quality. “Out” suppliers try to find new ways to add value or exploit dissatisfaction so that the buyer will consider them.

In a **modified rebuy**, the buyer wants to modify product specifications, prices, terms, or suppliers. The “in” suppliers may become nervous and feel pressured to put their best foot forward to protect an account. “Out” suppliers may see the modified rebuy situation as an opportunity to make a better offer and gain new business.

A company buying a product or service for the first time faces a **new-task situation**. In such cases, the greater the cost or risk, the larger the number of decision participants and the greater their efforts to collect information. The new-task situation is the marketer’s greatest opportunity and challenge. The marketer not only tries to reach as many key buying influences as possible but also provides help and information. The buyer makes the fewest decisions in the straight rebuy and the most in the new-task decision.

Many business buyers prefer to buy a complete solution to a problem from a single seller instead of buying separate products and services from several suppliers and putting them together. The sale often goes to the firm that provides the most complete system for asset, and the one that can make the biggest difference to your business, is our people. Knowledgeable, flexible, and committed to your success, our team puts all our resources together to provide you with a competitive edge. We believe in a simple concept . . . if you win, we win.

**FIGURE 6.6 The Model of Business Buyer Behaviour**
meeting the customer's needs and solving its problems. Such systems selling (or solutions selling) is often a key business marketing strategy for winning and holding accounts.

UPS does more than just ship packages for its business customers. It develops entire solutions to customers' transportation and logistics problems. For example, UPS bundles a complete system of services that support Nikon's consumer-products supply chain—including logistics, transportation, freight, and customs brokerage services—into one smooth-running system.30

When Nikon entered the digital camera market, it decided that it needed an entirely new distribution strategy as well. So it asked transportation and logistics giant UPS to design a complete system for moving its entire electronics product line from its Asian factories to retail stores throughout the United States, Canada, Latin America, and the Caribbean. Now, products leave Nikon's Asian manufacturing centres and arrive on retailers' shelves in as few as two days, with UPS handling everything in between. UPS first manages air and ocean freight and related customs brokerage to bring Nikon products from Korea, Japan, and Indonesia to its Louisville, Kentucky, operations centre. There, UPS can either "kit" the Nikon merchandise with accessories such as batteries and chargers or repackage it for in-store display. Finally, UPS distributes the products to thousands of retailers across the United States or exports them to Canadian, Latin American or Caribbean retail outlets and distributors. Along the way, UPS tracks the goods and provides Nikon with a "snapshot" of the entire supply chain, letting Nikon keep retailers informed of delivery times and adjust them as needed.

Participants in the Business Buying Process Who does the buying of the trillions of dollars' worth of goods and services needed by business organizations? The decision-making unit of a buying organization is called its buying centre—all the individuals and units that play a role in the business purchase decision-making process. This group includes the actual users of the product or service, those who make the buying decision, those who influence the buying decision, those who do the actual buying, and those who control buying information.

The buying centre is not a fixed and formally identified unit within the buying organization. It is a set of buying roles assumed by different people for different purchases. Within the organization, the size and makeup of the buying centre will vary for different products and different buying situations. For some routine purchases, one person—say, a purchasing agent—may assume all the buying centre roles and serve as the only person involved in the buying decision. For more complex purchases, the buying centre may include 20 or 30 people from different levels and departments in the organization.

The buying centre concept presents a major marketing challenge. The business marketer must learn who participates in the decision, each participant's relative influence, and what evaluation criteria each decision participant uses. This can be difficult.

The buying centre usually includes some obvious participants who are involved formally in the buying decision. For example, the decision to buy a corporate jet will probably involve the company's CEO, chief pilot, a purchasing agent, some legal staff, a member of top management, and others formally charged with the buying decision. It may also involve less obvious, informal participants, some of whom may actually make or strongly affect the buying decision. Sometimes, even the people in the buying centre are not aware of all the buying participants. For example, the decision about which corporate jet to buy may actually be made by a corporate board member who has an interest in flying and who knows a lot about airplanes. This board member may work
behind the scenes to sway the decision. Many business buying decisions result from the complex interactions of ever-changing buying centre participants.

**Major Influences on Business Buyers** Business buyers are subject to many influences when they make their buying decisions. Some marketers assume that the major influences are economic. They think buyers will favour the supplier who offers the lowest price or the best product or the most service. They concentrate on offering strong economic benefits to buyers. However, business buyers actually respond to both economic and personal factors. Far from being cold, calculating, and impersonal, business buyers are human and social as well. They react to both reason and emotion.

Today, most B-to-B marketers recognize that emotion plays an important role in business buying decisions. For example, you might expect that a company selling corrugated boxes, protective packaging, and point-of-purchase displays would stress objective factors such as price, quality, and delivery. However, Great Little Box Company of British Columbia has built a reputation on the strength of its people. Its tagline “Great people to deal with” sums up the company’s philosophy. Owner Robert Meggy attributes the company’s success to his employees, who are committed to providing the company’s customers with good service, quick turnaround, and on-time delivery. “If you keep your staff happy, they will keep your customers happy,” says James Palmer, vice-president of sales and marketing. The company’s focus on people resulted in it being selected as one of Canada’s top 100 employers, one of Financial Post’s 10 best companies to work for, and one of BC’s top employers in 2012.31

Figure 6.7 lists various groups of influences on business buyers—environmental, organizational, interpersonal, and individual. **Environmental factors** have the broadest impact. Business buyers are heavily influenced by factors in the current and expected economic environment, such as levels of primary demand and the economic outlook. Business buyers also are affected by supply, technological, political, and competitive developments in the environment. Finally, culture and customs can strongly influence business buyer reactions to the marketer’s behaviour and strategies, especially in the international marketing environment. The business buyer must watch these factors, determine how they will affect the buyer, and try to turn environmental challenges into opportunities.

**Organizational factors** are also important. Each buying organization has its own objectives, policies, procedures, structure, and systems, and the business marketer must understand these factors well. Questions such as these arise: How many people are

**Exhibit 6.18** Emotions play an important role in business buying: Great Little Box Company has succeeded by becoming known to its customers as “great people to deal with.”
involved in the buying decision? Who are they? What are their evaluative criteria? What are the company’s policies and limits on its buyers?

The buying centre usually includes many participants who influence each other, so interpersonal factors also influence the business buying process. However, it is often difficult to assess such interpersonal factors and group dynamics. Buying centre participants do not wear tags that label them as key decision maker or not influential. Nor do buying centre participants with the highest rank always have the most influence. Participants may influence the buying decision because they control rewards and punishments, are well liked, have special expertise, or have a special relationship with other important participants. Interpersonal factors are often very subtle. Whenever possible, business marketers must try to understand these factors and design strategies that take them into account. Finally, each participant in the business buying decision process brings in personal motives, perceptions, and preferences. These individual factors are affected by personal characteristics such as age, income, education, professional identification, personality, and attitudes toward risk. Also, buyers have different buying styles. Some may be technical types who make in-depth analyses of competitive proposals before choosing a supplier. Other buyers may be intuitive negotiators who are adept at pitting the sellers against one another for the best deal.

The Business Buying Process Figure 6.8 lists the eight stages of the business buying process. Buyers who face a new-task buying situation usually go through all stages of the buying process. Buyers making modified or straight rebuys may skip some of the stages. We will examine these steps for the typical new-task buying situation.

The buying process begins with problem recognition—when someone in the company recognizes a problem or need that can be met by acquiring a specific product or service. Problem recognition can result from internal or external factors. Business
marketers use their sales forces or advertising to alert customers to potential problems and then show how their products provide solutions. For example, an award-winning ad from Quill.com, an online office products supplier that strives for strong customer service, highlights an important customer problem: what to do when your printer runs out of toner. The visual in the ad—which shows the headline fading then reappearing—effectively suggests both the problem and the solution. "If you run out of toner," says the ad, "we will replace it this quickly. At Quill.com, we are here whenever you need us."

Having recognized a need, the buyer next prepares a general need description that describes the characteristics and quantity of the needed items or solutions. For standard purchases, this process presents few problems. For complex items, however, the buyer may need to work with others—engineers, users, consultants—to define what's needed.

Once the buying organization has defined the need, it develops the item's technical product specifications, often with the help of a value analysis engineering team. Value analysis is an approach to cost reduction in which the company carefully analyzes a product's or service's components to determine whether they can be redesigned and made more effectively and efficiently to provide greater value. The team decides on the best product or service characteristics and specifies them accordingly. Sellers, too, can use value analysis as a tool to help secure new accounts and keep old ones. Especially in a down economy, improving customer value and helping customers find more cost-effective solutions gives the business marketer an important edge in keeping current customers loyal and winning new business.

In the next buying process step, the buyer conducts a supplier search to find the best vendors. The buyer can locate qualified suppliers through trade directories, computer searches, or recommendations from others. Today, more and more companies are turning to the Internet to find suppliers. For marketers, this has levelled the playing field—the Internet gives smaller suppliers many of the same advantages as larger competitors. The supplier's task is to understand the search process and make certain that their firm is considered.

In the proposal solicitation stage of the business buying process, the buyer invites qualified suppliers to submit proposals. When the purchase is complex or expensive, the buyer will usually require detailed written proposals or formal presentations from each potential supplier. In response, business marketers must be skilled in researching, writing, and presenting proposals. The proposals should be marketing documents, not just technical documents. They should spell out how the seller's solution creates greater value for the customer than competing solutions.

The buyer next reviews the proposals and selects a supplier or suppliers. During supplier selection, the buyer will consider many supplier attributes and their relative importance. Such attributes include product and service quality, reputation, on-time delivery, ethical corporate behaviour, honest communication, and competitive prices. In the end, they may select a single supplier or a few suppliers. Today's supplier development managers often want to develop a full network of supplier-partners that can help the company bring more value to its customers.

The buyer now prepares an order-routine specification. It includes the final order with the chosen supplier or suppliers and lists items such as technical specifications, quantity needed, expected time of delivery, return policies, and warranties. Many large buyers now practise vendor-managed inventory, in which they turn over ordering and inventory responsibilities to their suppliers. Under such systems, buyers share sales and inventory information directly with key suppliers. The suppliers then monitor inventories.
and replenish stock automatically as needed. For example, most major suppliers to large retailers such as Walmart, Home Depot, and Lowe’s assume vendor-managed inventory responsibilities.

The final stage of the business buying process is the supplier performance review, in which the buyer assesses the supplier’s performance and provides feedback. For example, Home Depot has issued a set of supplier guidelines and policies and regularly evaluates each supplier in terms of quality, delivery, and other performance variables. It gives suppliers online performance scorecards that provide ongoing feedback that helps them to improve their performance. The supplier performance review may lead the buyer to continue, modify, or drop the arrangement. The seller’s job is to monitor the same factors used by the buyer to make sure that the seller is giving the expected satisfaction.

The eight-stage buying-process model provides a simple view of the business buying as it might occur in a new-task buying situation. The actual process is usually much more complex. In the modified rebuy or straight rebuy situation, some of these stages would be compressed or bypassed. Each organization buys in its own way, and each buying situation has unique requirements.

Different buying centre participants may be involved at different stages of the process. Although certain buying-process steps usually do occur, buyers do not always follow them in the same order, and they may add other steps. Often, buyers will repeat certain stages of the process. Finally, a customer relationship might involve many different types of purchases ongoing at a given time, all in different stages of the buying process. The seller must manage the total customer relationship, not just individual purchases.

**E-Procurement: Buying on the Internet** Advances in information technology have changed the face of the B-to-B marketing process. Electronic purchasing, often called e-procurement, has grown rapidly in recent years. Virtually unknown less than a decade ago, online purchasing is standard procedure for most companies today. E-procurement gives buyers access to new suppliers, lowers purchasing costs, and hastens order processing and delivery. In turn, business marketers can connect with customers online to share marketing information, sell products and services, provide customer support services, and maintain ongoing customer relationships.

Companies can do e-procurement in any of several ways. They can conduct reverse auctions, in which they put their purchasing requests online and invite suppliers to bid for the business. Or they can engage in online trading exchanges, through which companies work collectively to facilitate the trading process. Companies also can conduct e-procurement by setting up their own company buying sites. For example, GE operates a company trading site on which it posts its buying needs and invites bids, negotiates terms, and places orders. Or companies can create extranet links with key suppliers. For instance, they can create direct procurement accounts with suppliers such as Dell or Office Depot, through which company buyers can purchase equipment, materials, and supplies directly.

B-to-B marketers can help customers online and build stronger customer relationships by creating well-designed, easy-to-use websites. For example, BtoB magazine recently rated the site of Shaw Floors—a market leader in flooring products—as one of its “10 great B-to-B websites.” The site helps Shaw build strong links with its business and trade customers.

At one time, flooring manufacturer Shaw Floors’ website was nothing more than “brochure-ware.” Today, however, the site is a true interactive experience. At the site, design and construction professionals as well as customers can “see”—virtually—the company’s many
product lines. At the popular "Try on a Floor" area, designers or retailers can even work with final buyers to upload digital images of an actual floor and put any of the company's many carpets on it to see how they look. They can select various lines and colours immediately without digging through samples. And the extremely detailed images can be rotated and manipulated so a designer, for example, can show a client what the pile of the carpet looks like and how deep it is.

For retailers, Shaw has created a website, www.shawadvantage.com. This site provides retailers the resources they need to create their own advertising materials and order point-of-sale materials for their businesses. Retailers can also check their co-op advertising accounts with the company, letting them subsidize or add to their advertising budgets. Retailer-partners can connect to their accounts and search the company's products, make inventory checks, order or reserve products, and track order status for their stores. The Shaw Web Studio lets retailers—many of which are mom-and-pop stores—create their own websites in minutes or download photography, catalogue engines, and other content to add to their existing websites. "So many retailers don't have the time or money to build their own online presence," says Shaw's interactive marketing manager, "so this really helps them."

Business-to-business e-procurement yields many benefits. First, it shaves transaction costs and results in more efficient purchasing for both buyers and suppliers. E-procurement reduces the time between order and delivery. And a web-powered purchasing program eliminates the paperwork associated with traditional requisition and ordering procedures and helps an organization keep better track of all purchases. Finally, beyond the cost and time savings, e-procurement frees purchasing people from a lot of drudgery and paperwork. In turn, it frees them to focus on more-strategic issues, such as finding better supply sources and working with suppliers to reduce costs and develop new products.

The rapidly expanding use of e-procurement, however, also presents some problems. For example, at the same time that the web makes it possible for suppliers and customers to share business data and even collaborate on product design, it can also erode decades-old customer–supplier relationships. Many buyers now use the power of the web to pit suppliers against one another and to search out better deals, products, and turnaround times on a purchase-by-purchase basis.

E-procurement can also create potential security concerns. Although email and home banking transactions can be protected through basic encryption, the secure environment that businesses need to carry out confidential interactions is sometimes still lacking. Companies are spending millions for research on defensive strategies to keep hackers at bay. Cisco Systems, for example, specifies the types of routers, firewalls, and security procedures that its partners must use to safeguard extranet connections. In fact, the company goes even further; it sends its own security engineers to examine a partner's defences and holds the partner liable for any security breach that originates from its computers.
California Dreaming

As Tim Croyle, vice-president of WestJet Vacations, begins to draw a sketch of how his service anticipates the needs of vacation travellers, the parallels between his sketch and the typical “consumer decision process” (noted in this textbook) become immediately obvious, but with one key difference: “The first phase is dreaming—hmm, like ‘wouldn’t it be nice to go to San Diego?’” and that begins the cycle. Traditional marketing theory calls this the “need recognition” phase; in true WestJet form, it becomes the “dreaming” phase.

It makes sense when analyzing the vacation consumer that a different lens is used—it is a very different form of product. First, it is a service as opposed to a concrete good. But more significantly, as Croyle puts it, “When choosing a vacation, there’s a lot of money and a lot of time spent, and so it’s got to be fantastic, because those memories have to last a lifetime.” So what is the single biggest influencer when travellers choose their vacation provider? “With those great expectations, there has to be trust. Whoever you’re giving your credit card to, you have to be confident that they’re going to deliver on those expectations.”

While equity in the WestJet brand helped launch the vacation business in 2006, it is product differentiation that has earned it the highest guest satisfaction rating of any Canadian tour operator in 2012. At first glance, the WestJet Vacations website might not appear to be very different from Expedia or Travelocity. However, it’s what WestJet does on the ground that helps meet travellers’ expectations. “In our key destinations we have WestJetters who live and work, and they will contact every single WestJet guest who arrives in those destinations. They will meet the guests at their hotel and their sole focus is resolving any issues those guests have during their vacation,” claims Croyle.

The final phase of the consumer decision process, according to WestJet, is “share.” At this stage, where consumers will evaluate their purchase, WestJet Vacations builds in a platform for guests to rate their experience. Croyle admits, “It’s like TripAdvisor, but because it’s WestJet Vacations travellers, sharing their WestJet Vacations experience, we feel, again, there’s a higher level of trust.” And as for the inevitable bad reviews, “it gets posted—we need to get that information to our guests . . . it’s a big part of building and maintaining trust.”

QUESTIONS

1. How does WestJet’s final phase of the buyer decision process differ from that presented in this textbook?
2. Knowledge of the buyer decision process empowers companies to help secure business from customers and to better serve them during the purchase experience. What unique way does WestJet provide for its guests once they have decided on a WestJet vacation?
REVIEWING THE CONCEPTS

1. Understand the consumer market and the major factors that influence consumer buyer behaviour.

The consumer market consists of all the individuals and households who buy or acquire goods and services for personal consumption. Consumer behaviour should be viewed as an ongoing process that starts long before the consumer purchases a product or service and continues long after he or she consumes it. This extended definition of consumer behaviour means that marketers must be aware of a number of issues before, during, and after purchase to build brand loyalty and lasting relationships with their customers.

Consumer buyer behaviour is influenced by four key sets of buyer characteristics: cultural, social, personal, and psychological. Understanding these factors can help marketers to identify interested buyers, and to shape products and appeals to serve consumer needs better. Each factor provides a different perspective for understanding the consumers’ decision-making process.

2. Identify and discuss the stages in the buyer decision process.

When making a purchase, the buyer goes through a decision process consisting of need recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behaviour. During need recognition, the consumer recognizes a problem or need that could be satisfied by a product or service. Once the need is recognized, the consumer moves into the information search stage. With information in hand, the consumer proceeds to alternative evaluation and assesses brands in the choice set. From there, the consumer makes a purchase decision and actually buys the product. In the final stage of the buyer decision process, postpurchase behaviour, the consumer takes action based on satisfaction or dissatisfaction. The marketer’s job is to understand the buyer’s behaviour at each stage and the influences that are operating.

3. Describe the adoption and diffusion process for new products.

The product adoption process is made up of five stages: awareness, interest, evaluation, trial, and adoption. New-product marketers must think about how to help consumers move through these stages. With regard to the diffusion process for new products, consumers respond at different rates, depending on consumer and product characteristics. Consumers may be innovators, early adopters, early majority, late majority, or laggards. Each group may require different marketing approaches. Marketers often try to bring their new products to the attention of potential early adopters, especially those who are opinion leaders.

4. Define the business market and identify the major factors that influence business buyer behaviour.

The business market comprises all organizations that buy goods and services for use in the production of other products and services, or for the purpose of reselling or renting them to others at a profit. As compared to consumer markets, business markets usually have fewer, larger buyers. Business demand is derived demand, and the business buying decision usually involves more, and more professional, buyers.

Business buyers make decisions that vary with the three types of buying situations: straight rebuys, modified rebuys, and new tasks. The decision-making unit of a buying organization—the buying centre—can consist of many different persons playing many different roles. The business marketer needs to know the following: Who are the major buying centre participants? In what decisions do they exercise influence and to what degree? What evaluation criteria does each decision participant use? The business marketer also needs to understand the major environmental, organizational, interpersonal, and individual influences on the buying process.

5. List and define the steps in the business buying decision process.

The business buying decision process itself can be quite involved, with eight basic stages: problem recognition, general need description, product specification, supplier search, proposal solicitation, supplier selection, order-routine specification, and performance review. Buyers who face a new-task buying situation usually go through all stages of the buying process. Buyers making modified or straight rebuys may skip some of the stages. Companies must manage the overall customer relationship, which often includes many different buying decisions in various stages of the buying decision process. Recent advances in information technology have given birth to “e-procurement,” by which business buyers are purchasing all kinds of products and services online. Business marketers are increasingly connecting with customers online to share marketing information, sell products and services, provide customer support services, and maintain ongoing customer relationships.
KEY TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption process</td>
<td>215</td>
</tr>
<tr>
<td>Attitude</td>
<td>211</td>
</tr>
<tr>
<td>Belief</td>
<td>210</td>
</tr>
<tr>
<td>Business buyer behaviour</td>
<td>217</td>
</tr>
<tr>
<td>Buying centre</td>
<td>222</td>
</tr>
<tr>
<td>Cognitive dissonance</td>
<td>214</td>
</tr>
<tr>
<td>Consumer buyer behaviour</td>
<td>196</td>
</tr>
<tr>
<td>Consumer market</td>
<td>196</td>
</tr>
<tr>
<td>Culture</td>
<td>197</td>
</tr>
<tr>
<td>Derived demand</td>
<td>218</td>
</tr>
<tr>
<td>E-procurement</td>
<td>226</td>
</tr>
<tr>
<td>Group</td>
<td>200</td>
</tr>
<tr>
<td>Learning</td>
<td>210</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>206</td>
</tr>
<tr>
<td>Modified rebuy</td>
<td>221</td>
</tr>
<tr>
<td>Motive (drive)</td>
<td>208</td>
</tr>
<tr>
<td>New product</td>
<td>215</td>
</tr>
<tr>
<td>New task</td>
<td>221</td>
</tr>
<tr>
<td>Online social networks</td>
<td>201</td>
</tr>
<tr>
<td>Opinion leader</td>
<td>201</td>
</tr>
<tr>
<td>Perception</td>
<td>209</td>
</tr>
<tr>
<td>Personality</td>
<td>207</td>
</tr>
<tr>
<td>Social class</td>
<td>200</td>
</tr>
<tr>
<td>Straight rebuy</td>
<td>221</td>
</tr>
<tr>
<td>Subculture</td>
<td>198</td>
</tr>
<tr>
<td>Supplier development</td>
<td>219</td>
</tr>
<tr>
<td>Systems selling (or solutions selling)</td>
<td>222</td>
</tr>
<tr>
<td>Value analysis</td>
<td>225</td>
</tr>
<tr>
<td>Word-of-mouth influence</td>
<td>201</td>
</tr>
</tbody>
</table>

TALK ABOUT MARKETING

1. In designing the advertising for a soft drink, which would you find more helpful, information about consumer demographics or information about consumer lifestyles? Select a new soft drink on the market and give examples of how you would use each type of information.

2. Think of a product you’ve purchased recently that was not a routine purchase. Describe how you progressed through each of the five stages of the consumer buyer decision process. Did you experience any cognitive dissonance during your postpurchase behaviour?

3. Now, think about the product you discussed in #2 from the perspective of a marketer. What forms of marketing communications or programs could you use to influence a prospective buyer of the product you selected, at each of the five stages?

4. Marketers often target consumers before, during, or after a trigger event—an event in one’s life that triggers change. For example, after having a child, new parents have an increased need for baby furniture, clothes, diapers, car seats, and lots of other baby-related goods. Consumers who never paid attention to marketing efforts for certain products may now be focused on those related to their life change. Discuss other trigger events that may provide opportunities to target the right buyer at the right time.

5. Business buying occurs worldwide, so marketers need to be aware of cultural factors influencing business customers. In a small group, select a country and develop a multimedia presentation on proper business etiquette and manners, including appropriate appearance, behaviour, and communication. Include a map showing the location of the country as well as a description of the country in terms of its demographics, culture, and economic history.

6. Imagine you work in the purchasing department at Canadian Tire. You are responsible for making all the purchase decisions about paint and related home decor items such as blinds and curtain rods. Which of the influences on business buyer behaviour would be your most important criteria? Are there any influences on consumer buyer behaviour that you would take into consideration when making your decisions?

THINK LIKE A MARKETING MANAGER

How would you like to sell to a customer that spends millions of dollars per year on contractors? If so, you need to learn how to crack the federal government market. The federal government purchases goods ranging from toilet paper to aircraft carriers and services from janitorial supplies to high-tech information technology (IT). This is a lucrative market—especially during economic downturns. Many companies focus their marketing solely on this market. How do businesses—big and small—find out about opportunities in this market? One way is to search the government’s website for opportunities. A great deal of the government’s buying is now done online.

QUESTIONS

1. Go to the Public Works and Government Services Canada website (www.tpsgc-pwgsc.gc.ca/comm/index-eng.html) and review the information for businesses. Search MERX, the government’s electronic tendering services. Are there many opportunities in your province?

2. What types of products and services are most frequently listed?

3. Write a brief report describing the usefulness of this website for businesses desiring to sell to the government market.
MARKETING ETHICS

What does an “eight” mean to you? Well, if you are a female, then it means a lot, especially if you really are a “12”—size, that is. Marketers know that, too, and the trend is for larger sizes to be labelled with smaller numbers. Sizing was standardized in the 1940s and 1950s when women started purchasing mass-produced clothing. But sizes fluctuated in the following decades and the US Department of Commerce abandoned sizing standardization in 1983. Now, the size number can mean anything the marketer wants it to mean. Marketers know that a size-12 woman who finds out she can fit into an eight will get a self-esteem boost and likely purchase more. This practice, known as *vanity sizing*, has the potential to pay off big for clothing manufacturers. With 34 percent of adults in the United States overweight and another 40 percent obese, that adds up to a sizable market potential. Plus-sized clothing designer Torrid caters to the full-sized woman with sizes ranging from zero–five, where a size four is actually a size 26. If a large number on the size label really bothers you, stick to the more expensive brands—they tend to be the ones using vanity sizing most.

QUESTIONS
1. Which factors are clothing marketers using to influence consumers? Ask five female and five male friends how much the size labelled on clothing influences their behaviour. Write a brief report of your findings.
2. Should manufacturers be allowed to pick whatever measurements they want and attach any size number they want to them? Should the government or business set standardized sizes?

MARKETING TECHNOLOGY

Have you noticed that some of your Facebook friends like certain advertisements? Marketers know what Facebook users like and are using that knowledge to influence users’ friends. *Social-context ads* are based on data collected on the likes and friends of Facebook users. When you click on an ad indicating you like it, you also give Facebook permission to share that “like” with all of your friends. Marketers like this feature because it appears as though you are endorsing the brand to your friends. The more you click on the “Like” button in ads, the greater the chance they will migrate onto your wall and become part of your conversations rather than stay on the perimeter of the page.

QUESTIONS
1. Which factors are marketers advertising on Facebook using to influence consumers? Would you be influenced by an ad if you saw that your friends liked it?
2. How would you feel about Facebook using your name in these types of ads, or advertising integrating itself in conversations with your friends?

MARKETING BY THE NUMBERS

The North American Industry Classification System (NAICS) code is very useful for marketers. It is a relatively new coding system that replaces the old product-based Standard Industrial Classification (SIC) system introduced in the 1930s. The NAICS system classifies businesses by production processes, better reflecting changes in the global economy, especially in the service and technology industries. It was developed jointly by the United States, Canada, and Mexico in 1997 in concert with the North American Free Trade Agreement (NAFTA), providing a common classification system for the three countries and better compatibility with the International Standard Industrial Classification (ISIC) system. This six-digit number (in some cases, seven or ten digits) is very useful for understanding business markets.

QUESTIONS
1. What do the six digits of the NAICS code represent? What industry is represented by the NAICS code 721110? What information can a marketer obtain using this code?
2. Using the 721110 NAICS code, research and create a report highlighting the trends in this industry. Suggest markets that have the greatest potential.
GOODWILL INDUSTRIES

Since 1902, Goodwill Industries has funded job training and placement programs through its chain of thrift stores. Even though selling used clothing, furniture, and other items may not seem like big business, it amounts to more than US$3 billion in annual sales for Goodwill. The company is changing people's perceptions of thrift stores as musty, low-class operations by focusing on concepts of consumer behaviour. Like any good marketing company, Goodwill recognizes that not all customers are the same. This video demonstrates how Goodwill caters to different types of customers by recognizing the cultural, social, personal, and psychological factors that affect how customers make buying decisions. In this manner, Goodwill is maximizing customer value by offering the right mix of goods at unbeatable bargain prices.

After viewing the video featuring Goodwill, answer the following questions:

QUESTIONS

1. How would you describe the different types of Goodwill customers?
2. Which of the four sets of factors affecting consumer behaviour do you believe most strongly affects consumers' purchase decisions from Goodwill?
3. How does Goodwill's recognition of consumer behaviour principles affect its marketing mix?
PORSCHE: GUARDING THE OLD WHILE BRINGING IN THE NEW

Porsche (pronounced Porsh-uh) is a unique company. It has always been a niche brand that makes cars for a small and distinctive segment of automobile buyers. Porsche recently had annual sales of only 27,717 cars among the five models it sells in the United States. By comparison, Honda sold about 10 times that many Accords alone. But Porsche owners are as rare as their vehicles. For that reason, top managers at Porsche spend a great deal of time thinking about customers. They want to know who their customers are, what they think, and how they feel. They want to know why they buy a Porsche rather than a Jaguar, or a Ferrari, or a big Mercedes Coupe. These are challenging questions to answer—even Porsche owners themselves don’t know exactly what motivates their buying. But given Porsche’s low volume and the increasingly fragmented auto market, it is imperative that management understand its customers and what gets their motors running.

PROFILE OF A PORSCHE OWNER

Porsche was founded in 1931 by Ferdinand Porsche, the man credited for designing the original Volkswagen Beetle, known as Adolf Hitler’s “people’s car” and one of the most successful car designs of all time. For most of its first two decades, the company built Volkswagen Beetles for German citizens while making tanks and Beetles for the military. As Porsche AG began to sell cars under its own nameplate in the 1950s and 1960s, a few constants developed. The company sold very few models, creating an image of exclusivity. Those models had a rounded, bubble shape that had its roots in the original Beetle but evolved into something more Porsche-like with the world famous 356 and 911 models. Finally, Porsche’s automobiles featured air-cooled four- and six-cylinder “boxer” motors (cylinders in an opposed configuration) in the rear of the car. This gave the cars a unique and often dangerous characteristic—a tendency for the rear end to swing out when cornering hard. That’s one of the reasons that Porsche owners were drawn to them: since they were challenging to drive, most people stayed away.

Since its early days, Porsche has appealed to a very narrow segment of financially successful people. These are achievers who see themselves as entrepreneurial, even if they work for a corporation. They set very high goals for themselves and then work doggedly to meet them. These people expect no less from the clothes they wear, the restaurants they go to, or the cars they drive. They see themselves not as a part of the regular world, but as exceptions to it. They buy Porsches because the car mirrors their self-image—it stands for the things owners like to see in themselves and in their lives.

Most of us buy what Porsche executives call utility vehicles. That is, we buy cars to go to work, to deliver the kids, and to run errands. Because we have to use our cars to accomplish these daily tasks, we base buying decisions on features such as price, size, fuel economy, and other practical considerations. But Porsche is more than a utility car. Its owners see it as a car to be enjoyed, not just used. Most Porsche buyers are not moved by information, but by feelings. A Porsche is like a piece of clothing, something the owner “wears” and is seen in. Owners develop a personal relationship with their cars, one that has more to do with the way the car sounds, vibrates, and feels than how many cup holders it has or how much cargo it can hold in the trunk. They admire their Porsche because it is a competent performance machine without being flashy or phony.

People buy Porsches because they enjoy driving. If all they needed was something to get them from point A to point B, they could find something much less expensive. And while many Porsche owners are car enthusiasts, some of them are not. One successful businesswoman and owner of a high-end Porsche said, “When I drive this car to the high school to pickup my daughter, I end up with five youngsters in the car. If I drive any other car, I can’t even find her; she doesn’t want to come home.”

FROM NICHE TO NUMEROUS

For the first few decades, Porsche AG lived by the philosophy of Ferry Porsche, Ferdinand’s son. Ferry created the Porsche 356 because no one else made a car like the one he wanted. “We did no market research, we had no sales forecasts, no return-on-investment calculations. None of that. I very simply built my dream car and figured that there would be other people who share that dream.” So really, Porsche AG from the beginning was very much like its customers: an achiever that set out to make the very best.

But as the years rolled on, Porsche management became concerned with a significant issue: Were there enough Porsche buyers to keep the company afloat? Granted, the company never had illusions of churning out the number of cars produced by Chevrolet or Toyota.
But to fund innovation, even a niche manufacturer has to grow a little. And Porsche began to worry that the quirky nature of the people who buy Porsches might just run out on them.

This led Porsche to extend its brand outside the box. In the early 1970s, Porsche introduced the 914, a square-ish, mid-engine, two-seater that was much cheaper than the 911. This meant that a different class of people could afford a Porsche. It was no surprise that the 914 became Porsche's top selling model. By the late 1970s, Porsche replaced the 914 with a hatchback coupe that had something no other regular Porsche model had ever had: an engine in the front. At less than US$20,000, more than US$10,000 less than the 911, the 924 and later 944 models were once again Porsche's pitch to affordability. At one point, Porsche increased its sales goal by nearly 50 percent to 60,000 cars a year.

Although these cars were in many respects sales successes, the Porsche faithful cried foul. They considered these entry-level models to be cheap and under-performing. Most loyalists never really accepted these models as "real" Porsches. In fact, they were not at all happy that they had to share their brand with a customer who didn't fit the Porsche owner profile. They were turned off by what they saw as a corporate strategy that had focused on mass over class marketing. This tarnished image was compounded by the fact that Nissan, Toyota, BMW, and other car makers had ramped up high-end sports car offerings, creating some fierce competition. In fact, both the Datsun 280-ZX and the Toyota Supra were not only cheaper than Porsche's 944, they were faster. A struggling economy threw more sand in Porsche's tank. By 1990, Porsche sales had plummeted to standstill to 60 miles per hour in four seconds flat.

RETURN TO ITS ROOTS?
But Porsche wasn't going down without a fight. It quickly recognized the error of its ways and halted production of the entry-level models. It rebuilt its damaged image by revamping its higher-end model lines with more race-bred technology. In an effort to regain rapport with customers, Porsche once again targeted the high end of the market in both price and performance. It set modest sales goals and decided that moderate growth with higher margins would be more profitable in the long term. The company set out to make one less Porsche than the public demanded. According to one executive, "We're not looking for volume, we're searching for exclusivity."

Porsche's efforts had the desired effect. By the late 1990s, the brand was once again favoured by the same type of achiever who had so deeply loved the car for decades. The cars were once again exclusive, and the company was once again profitable. But by the early 2000s, Porsche management was asking itself a familiar question: To have a sustainable future, could Porsche rely on only the Porsche faithful? According to then CEO Wendelin Wiedeking, "For Porsche to remain independent, it can't be dependent on the most fickle segment in the market. We don't want to become just a marketing department of some giant. We have to make sure we're profitable enough to pay for future development ourselves."

So in 2002, Porsche did the unthinkable. It became one of the last car companies to jump into the insatiable SUV market. At roughly 5000 pounds, the new Porsche Cayenne was heavier than anything that Porsche had ever made with the exception of some prototype tanks it made during World War II. Once again, the new model featured an engine up front. And it was the first Porsche to ever be equipped with seatbelts for five. As news spread about the car's development, howls could be heard from Porsche's customer base.

This time, however, Porsche did not seem too concerned that the loyalists would be put off. Could it be that the company had already forgotten what happened the last time it deviated from the mould? After driving one of the first Cayenne's off the assembly line, one journalist stated, "A day at the wheel of the 444 horsepower Cayenne Turbo leaves two overwhelming impressions. First, the Cayenne doesn't behave or feel like an SUV, and second, it drives like a Porsche." This was no entry-level car. Porsche had created a two-and-a-half ton beast that could accelerate to 60 miles per hour in just over five seconds, corner like it was on rails, and hit 165 miles per hour, all while coddling five adults in sumptuous leather seats with almost no wind noise from the outside world. On top of that, it could keep up with a Land Rover when the pavement ended. Indeed, Porsche had created the Porsche of SUVs.

Last year, Porsche upped the ante one more time by unveiling another large vehicle. But this time, it was a low-slung, five-door luxury sedan. The Porsche faithful and the automotive press again gasped in disbelief. But by the time the Panamera hit the pavement, Porsche had proven once again that Porsche customers could have their cake and eat it, too. The Panamera is almost as big as the Cayenne but can move four adults down the road at speeds of up to 188 miles per hour and accelerate from a standstill to 60 miles per hour in four seconds flat.

Although some Porsche traditionalists would never be caught dead driving a front engine Porsche that has more than two doors, Porsche insists that two trends...
will sustain these new models. First, a category of Porsche buyers has moved into life stages that have them facing inescapable needs—they need to haul more people and stuff. This not only applies to certain regular Porsche buyers, but also to new buyers entering its dealerships who otherwise wouldn’t have considered a Porsche. This time, the price points of the new vehicles are drawing only the well-healed, allowing Porsche to maintain its exclusivity. These buyers also seem to fit the achiever profile of regular Porsche buyers.

The second trend is the growth of emerging economies. Whereas the United States has long been the world’s biggest consumer of Porsches, the company expects China to become its biggest customer before too long. Twenty years ago, the United States accounted for about 50 percent of Porsche’s worldwide sales. Now, it only buys about 26 percent. In China, many people who can afford to buy a car as expensive as a Porsche also hire a chauffeur. The Cayenne and the Panamera are perfect for those who want to be driven around in style but who may also want to make a quick getaway if necessary.

The most recent economic downturn has brought down the sales of just about every maker of premium automobiles. When times are tough, buying a car like a Porsche is the ultimate deferrable purchase. But as this downturn turns back up, Porsche is better poised than it has ever been to meet the needs of its customer base. It is also in better shape than ever to maintain its brand image with the Porsche faithful, and with others as well. Sure, understanding Porsche buyers is still a difficult task. But one former chief executive of Porsche summed it up this way: “If you really want to understand our customers, you have to understand the phrase, ‘If I were going to be a car, I’d be a Porsche.’”


QUESTIONS FOR DISCUSSION
1. Analyze the buyer decision process of a traditional Porsche customer. What conclusions can you draw?
2. How does the traditional Porsche customer decision process contrast with the decision process for a Cayenne or Panamera customer?
3. Which concepts from the chapter explain why Porsche sold so many lower-priced models in the 1970s and 1980s?
4. Explain how both positive and negative attitudes toward a brand like Porsche develop. How might Porsche change consumer attitudes toward the brand?
5. What role does the Porsche brand play in the self-concept of its buyers?