



Chapter 3

Understanding Customer Behaviour

Chapter outline

The dimensions of customer behaviour

Who buys?

How they buy

What are the choice criteria?

Influences on consumer behaviour

Influencer marketing

Influences on organizational buying behaviour

Learning outcomes

By the end of this chapter you will:

- 1 Understand the key dimensions of customer behaviour
- 2 Explain the different roles played in a buying decision
- 3 Compare and contrast different theories of the buying decision process
- 4 Understand the differences between consumer and organizational buyer behaviour
- 5 Analyse the main influences on consumer behaviour – personal and social
- 6 Understand how influencer marketing is used by marketers, and appreciate its uses and limitations
- 7 Analyse the main influences on organizational buying behaviour – the buy class, product type and purchase importance
- 8 Critique the role of marketing activities in consumption decisions
- 9 Develop a better understanding of one's own consumption choices

MARKETING SPOTLIGHT

Fortnite

Every so often a game comes along that conquers the hearts, minds and thumbs of gamers everywhere. Fortnite is the latest in this category and has leapt to great popularity with its Battle Royale mode. Fortnite is a video game, which its maker, Epic Games, is calling the biggest in the world, with 3.4 million reported users as of February 2018. The game combines Minecraft resource collecting and building with team-based survival shooting games. Fortnite parachutes 100 players out of a plane onto an island and requires them to scavenge for weapons and other resources, build defensive structures and vanquish opponents in a quest to become the last player standing. The game pits the 100 players against one another while a mysterious cloud steadily reduces the size of the war zone, creating knife-edge and climatic gun fights. It is free to play and is playable on game systems, computers and mobile phones alike, but players pay for accessories and costumes for their characters. While Fortnite can be played solo, users often team up with a friend or group of friends. Playing Fortnite is often a social experience as friends can team up in pairs or fours. If they're not together physically, they communicate – over FaceTime, a headset linked to a game system, or the like – to co-ordinate strategy, alert teammates to threats, root for one another and trade banter. Although it is just a shooting game, players will develop strategic thinking, forward planning and creative approaches to combat. It teaches a deep amount of collaboration in working together and saving teammates.

Since its release in September 2017, the game has been downloaded to personal computers and video game consoles more than 40 million times. With so many children devoting hours to Fortnite many parents are concerned about the harmful effects that the long playing durations and violent content are having on their children, and there are fears it could cross the divide between hobby and obsession. 'Many studies have shown that playing violent video games is associated with real-life aggressive behaviour and less pro-social behaviour,' says Catherine Hallissey, a child and educational psychologist based in Ireland. 'In addition, there is the potential of any highly interesting and rewarding activity, such as video gaming, becoming addictive, leading to family conflict.' Fortnite isn't the first mass online shooter to develop a fanatical following. However, what sets it apart is its child-friendly gloss. Battles typically last around 20 minutes, meaning a game can easily be squeezed in before homework but also giving it a one-last-go quality. It is this aspect of Fortnite – its powerful addictive tendencies – that has prompted alarm, with one mother going on ITV's *This Morning* show to explain how Fortnite had negatively impacted on her son's behaviour.

However, not all agree that Fortnite can have a negative impact on player behaviour. For example, Andrew Reid, who is a doctoral researcher of serious games at Glasgow Caledonian University, has stated that 'mother worrying' mega-hit Fortnite is not addictive, it's just that people can't stop playing it, which is something completely different. He further states, 'We must be careful when using this term. Addiction is a psychological disorder that pertains to habitual and excessive activity. Video-game addiction has suggestively been defined as the excessive consumption of games that conflict with everyday living.' Studies suggest that gaming disorder affects only a small proportion of people who engage in digital- or video-gaming activities, according to the World Health Organization. However, it believes that people who partake in gaming should be alert to the amount of time they spend on gaming activities, particularly when it is to the exclusion of other daily activities, as well as to any changes in their physical or psychological health and social functioning that could be attributed to their pattern of gaming behaviour.

There is also a concern that Fortnite's violence, however slapstick, may have an unhealthy impact on behaviour. Fortnite involves firearms and is recommended for ages 12 and up. However, its graphics are free of blood and gore. Although adults may worry that shooting games cultivate

(continued)

aggression, C. Shawn Green, an Associate Professor of Psychology at the University of Wisconsin-Madison who researches video games, notes that, 'there's really no evidence that playing a violent video game would take someone who has absolutely no violent tendencies and suddenly make them violent'. However, Catherine Hallissey adds: 'A 2012 study used brain scans to show that playing violent video games has the potential to desensitize gamers to real-life violence and suffering. When that is combined with the still-developing frontal lobe of adolescents, the negative potential is increased. The US Army uses these types of games to recruit soldiers [and] to train them.' The electronic games market, people's desires to play and pay for online games, and the conflicting views on their impact on player behaviour raise some interesting questions about consumer behaviour, which is the focus of this chapter.¹

Our lives are full of choices. We choose which universities we would like to attend, what courses we would like to study, what careers we would like to pursue. On a daily basis we make choices about the food we eat, the clothes we buy, the music we listen to, and so on. The processes by which we make all these choices and how they are influenced are of great interest to marketers as well as to consumer researchers. Companies with products or services to sell want to know us, what we like and dislike, and how we go about making these consumption decisions. As we saw in Chapter 1, this kind of in-depth knowledge of customers is a prerequisite of successful marketing; indeed, understanding customers is the cornerstone upon which the marketing concept is built. How customers behave can never be taken for granted and new trends emerge all the time, such as the current popularity of social networking or the increase in digital consumption, which will be explored later in this chapter. There are a variety of influences on the purchasing habits of customers and our understanding of these influences is constantly improving. Successful marketing requires a great sensitivity to these subtle drivers of behaviour and an ability to anticipate how they influence demand.

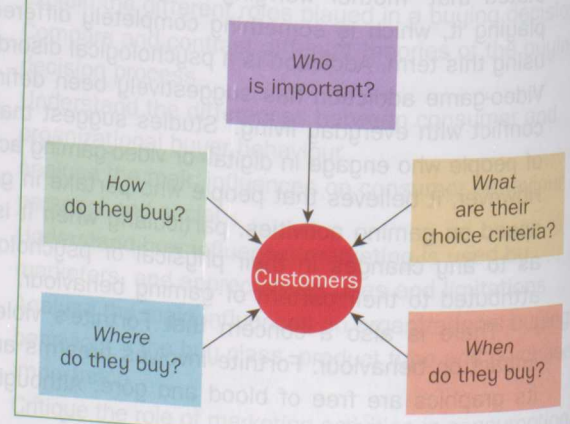
In this chapter we will explore the nature of customer behaviour; we will examine the frameworks and concepts used to understand customers; and we will review the dimensions we need to consider in order to grasp the nuances of customer behaviour and the influences upon it.

The dimensions of customer behaviour

At the outset, a distinction needs to be drawn between the purchases of private consumers and those of organizations. Most consumer purchasing is individual, such as the decision to purchase a chocolate bar on seeing an array of confectionery at a newsagent's counter, though it may also be by a group such as a household. In contrast, in organizational or business-to-business (B2B) purchasing there are three major types of buyer. First, the industrial market concerns those companies that buy products and services to help them produce other goods and services, such as the purchase of memory chips for mobile telephones. These industrial goods can range from raw materials to components to capital goods such as machinery. Second, the reseller market comprises organizations that buy products and services to resell. Online retailers and supermarkets are examples of resellers and we will look at these in some detail in Chapter 9. Third, the government market consists of government agencies that buy products and services to help them carry out their activities. Purchases for local authorities and defence are examples of this.

Understanding the behaviour of this array of customers requires answers to the following core questions (see Figure 3.1).

Figure 3.1 Understanding customers: the key questions



- Who is important in the buying decision?
- How do they buy?
- What are their choice criteria?
- Where do they buy?
- When do they buy?

The answers to these questions can be derived from personal contact with customers and, increasingly, by employing marketing research, which we will examine in Chapter 4. In this chapter we examine consumer and organizational buyer behaviour. The structure of this analysis will be based on the first three questions: who, how and what. These are often the most intractable aspects of customer behaviour; it is usually much more straightforward to answer the last two questions, about where and when customers buy.

Who buys?

Blackwell, Miniard and Engel² describe five roles in the buying decision-making process.

- 1 **Initiator**: the person who begins the process of considering a purchase. Information may be gathered by this person to help the decision.
- 2 **Influencer**: the person who attempts to persuade others in the group concerning the outcome of the decision. Influencers typically gather information and attempt to impose their choice criteria on the decision.
- 3 **Decider**: the individual with the power and/or financial authority to make the ultimate choice regarding which product to buy.
- 4 **Buyer**: the person who conducts the transaction. The buyer calls the supplier, visits the store, makes the payment and effects delivery.
- 5 **User**: the actual consumer/user of the product.

Multiple roles in the buying group may, however, be assumed by one person. In a toy purchase, for example, a girl may be the initiator and attempt to influence her parents, who are the deciders. The girl may be influenced by her sister to buy a different brand. The buyer may be one of the parents, who visits the store to purchase the toy and brings it back to the home. Finally, both children may be users of the toy. Although the purchase was for one person, in this example marketers have four opportunities – two children and two parents – to affect the outcome of the purchase decision. For example, since 2015, Microsoft has been European partner with the CoderDojo Foundation and Movement. CoderDojo and Microsoft are working together to encourage more young people to give coding a try. In 2017, Microsoft announced that it would extend this partnership further by sponsoring the CoderDojo Coolest Projects Showcase, an event celebrating standout projects in 'dojos' – free coding clubs for young people. Microsoft's association with CoderDojo helps to market its brand to a youth market by creating brand awareness, building its brand image and building positive attitudes towards Microsoft among a younger audience.³

The roles played by the different household members vary with the type of product under consideration and the stage of the buying process (see Exhibit 3.1). For example, men now do a very significant portion of household grocery shopping, while women are increasingly visitors to DIY and hardware shops. Other interesting differences have also been observed. Women, who tend to take their time and browse in a retail environment, are more time conscious and goal directed online, while males tend to surf and browse many websites when

Exhibit 3.1 'Flash' all-purpose cleaners' 2018 TV advert challenges traditional household roles. It features a man using the household cleaning product rather than a woman, which has normally been the case in the past.



shopping on the internet. Also, the respective roles may change as the purchasing process progresses. In general, one or other partner will tend to dominate the early stages, then joint decision-making tends to occur as the process moves towards final purchase. Joint decision-making is more common when the household consists of two income earners.

Most organizational buying tends to involve more than one individual and is often in the hands of a decision-making unit (DMU), or **buying centre**, as it is sometimes called. This is not necessarily a fixed entity and may change as the **decision-making process** continues. Thus a managing director may be involved in the decision that new equipment should be purchased, but not in the decision as to which manufacturer to buy it from. The marketing task is to identify and reach the key members in order to convince them of the product's worth. But this is a difficult task as the size of the decision-making groups in organizations is on the increase. It can also be difficult as the 'gatekeeper' is an additional role in organizational buying. Gatekeepers are people like secretaries, who may allow or prevent access to a key DMU member. The salesperson's task is to identify a person from within the decision-making unit who is a positive advocate and champion of the supplier's product. This person (or 'coach') should be given all the information needed to win the arguments that may take place within the DMU.

Exhibit 3.2 Advertising by shower manufacturers such as Mira has enabled them to build a high level of consumer recognition, and hence reduce the influence of 'deciders' making choices in-store.



How they buy

Attempting to understand how consumers buy and what influences their buying decisions have been the core questions examined in the field of consumer behaviour. It is a rich arena of study, drawing on perspectives from disciplines as wide ranging as economics, psychology, sociology, cultural anthropology and others. The dominant paradigm in consumer behaviour is known as the **information processing approach** and has its roots in cognitive psychology. It sees consumption as largely a rational process – the outcome of a consumer recognizing a need and then engaging in a series of activities to attempt to fulfil that need. But an alternative paradigm, known as **consumer culture theory (CCT)**,⁴ views consumption as a much less rational or conscious activity (see **Critical Marketing Perspective 3.1**). In it, consumption is seen as a more socio-cultural or experiential activity that is laden with emotion, and helps to explain, for example, why consumers derive pleasure from shopping or search for certain meanings in the brands they choose (see Exhibit 3.3).

CCT theorists focus on understanding the interrelationships between various material, economic, symbolic, institutional and social relationships and their effects on consumers, the marketplace, other institutions and society. Researchers typically draw from and build on theories rooted in sociology, anthropology, media studies and communications, history, literary criticism and semiotics, gender theory and cultural studies, to

The marketing implications of understanding who buys lie within the areas of marketing communications and segmentation. An identification of the roles played within the buying centre is a prerequisite for targeting persuasive communications. As we saw earlier, the person who actually uses or consumes the product may not be the most influential member of the buying centre, nor the decision-maker. Even when they do play the predominant role, communication to other members of the buying centre can make sense when their knowledge and opinions act as persuasive forces during the decision-making process. For example, recommendations from plumbers influence the majority of shower purchase decisions by consumers planning to install or replace shower units in their homes. Therefore, brands like Mira (see Exhibit 3.2) have sought to build awareness in the consumer market to reduce the influence of these 'deciders' in the purchasing decision.



Critical Marketing Perspective 3.1 Neuromarketing: friend or foe?

Understanding consumers' decision-making process is one of the important goals of marketing. However, traditional tools used in marketing research, such as surveys, interviews and observation, are often inadequate to analyse and study consumer behaviour. These traditional methods fail to take into account that, often, people's decisions are influenced by several unconscious mental processes. This may mean that a consumer may be unwilling or unable to explain their behaviour or the choices they make. This is where neuromarketing can provide valuable information. Neuromarketing is an emerging field in which academic and industry research scientists employ neuroscience techniques to study marketing practices and consumer behaviour. The emergence of neuromarketing has significantly advanced conventional marketing research, illuminating how unconscious responses and emotions impact consumers' perception and decision-making processes.

Researchers use medical technologies such as functional magnetic resonance imaging (fMRI), eye tracking, behavioural experiments, sensor-based methods, body signal measures (biometrics), electromyography (EMG), brain signal measures (neurometrics) and electrical activity/electroencephalography (EEG), to analyse changes in activities in various parts of the brain, the decisions being made by consumers and also what part of the brain is telling them to do that.⁵

However, there are certain ethical concerns associated with neuro-marketing. Most ethical objections to neuromarketing refer to risks of harm and violation of rights. Critics argue that, by scanning consumers' brains and possibly discovering a 'super-effective' communications technique, corporations will be able to 'push the buy button' in a consumer's brain, thereby being able to manipulate consumers' behaviour. Therefore, the main concerns are that neuromarketing may cause harm through its immediate effects on individual consumers and long-term effects on society as a whole.

Suggested reading: Alviro et al., 2018;⁶ Flores et al., 2014;⁷ Miletti et al., 2016;⁸ Stanton et al., 2017⁹

Reflection: Consider the arguments for and against the use of neuromarketing. Put forward your own point of view on this matter.

develop a better understanding of consumers. CCT research has tended to address four key theoretical domains and their various points of intersection:

- 1 Consumer identity projects
- 2 Marketplace cultures
- 3 The socio-historic patterning of consumption
- 4 Mass mediated marketplace ideologies and consumer interpretative strategies.¹⁰

The CCT approach places consumers in a wider context than the information processing approach. It has led to increased use of forms of consumer research such as introspection, narrative analysis/inquiry and ethnography. Introspection is a form of structured self-reflection that can be used to examine a range of consumption practices and provide a more in-depth understanding of consumers' behaviour, e.g. consumers' music consumption, film consumption or choice of holiday destination. Narrative analysis/inquiry attempts to better understand

Exhibit 3.3 In the competitive world of cosmetics, brand consumption is heavily influenced by perceptions of self identity.



the relationship between the experiences of the consumer and brands, companies, advertisements and interpersonal exchanges through the consumer's narrative account. It can be used to better understand details of how purchase decisions are made and what influences the choices made. In the digital world, online blogs and diaries can provide valuable introspective and narrative analysis insights that can aid marketers in their decision-making.¹¹ Ethnography has also become popular due to greater acceptance of the CCT approach. It is a qualitative research method that seeks to understand environmental, social, cultural and psychological influences on consumers. It involves observing people and their actions rather than asking them to self-report what they do (see Chapter 4). For example, German household goods manufacturer Miele used ethnography to learn about its consumers' behaviour. It observed constant cleaning in homes where some family members were suffering from allergies. As a result, it designed a vacuum cleaner with a traffic-light indicator that shows when a surface is dust free.¹² In recent years, there has been increased use of digital ethnographic research. For example, marketers can now observe consumers' online behaviour through the use of social media analytics and can observe consumers' responses to marketing stimuli through the use of eye-tracking research.¹³

The main differences between the two modes of thinking about consumer behaviour (the information processing approach and consumer culture theory) are summarized in Table 3.1. While this chapter is largely structured around the information processing approach, the broader perspectives brought by consumer culture theory are incorporated into the discussion.

Table 3.1 The information processing approach vs. consumer culture theory

Attribute	Information processing approach	Consumer culture theory
Level of analysis	Individual	Society
Focus	Cognitive processes	Context of consumption
Purpose of consumption	Utilitarian	Experiential
Process of consumption	Logical	Random
Key consumption influence	Rationality	Social

Figure 3.2 Types of consumer decision

Extended problem solving	Habitual problem solving
Limited problem solving	Variety-seeking behaviour

Both traditions enrich our understanding of why consumers behave as they do and we also need to take account of the different kinds of decisions that consumers engage in (see Figure 3.2). *Extended problem solving* occurs when consumers are highly involved in a purchase, perceive significant differences between brands and there is an adequate time available for deliberation.¹⁴ It involves a high degree

of information search, as well as close examination of the alternative solutions using many choice criteria.¹⁵ It is commonly seen in the purchase of cars, consumer electronics, houses and holidays, where it is important to make the right choice. Information search and evaluation may focus not only on which brand/model to buy, but also on where to make the purchase. The potential for post-purchase dissatisfaction or **cognitive dissonance** is greatest in this buying situation.

A great deal of consumer purchases come under the mantle of *limited problem solving*. The consumer has some experience with the product in question so that information search may be mainly internal through memory. However, a certain amount of external search and evaluation may take place (e.g. checking prices) before the purchase is made. This situation provides marketers with some opportunity to affect the purchase by stimulating the need to conduct a search (e.g. advertising) and reducing the risk of brand switching (e.g. warranties).

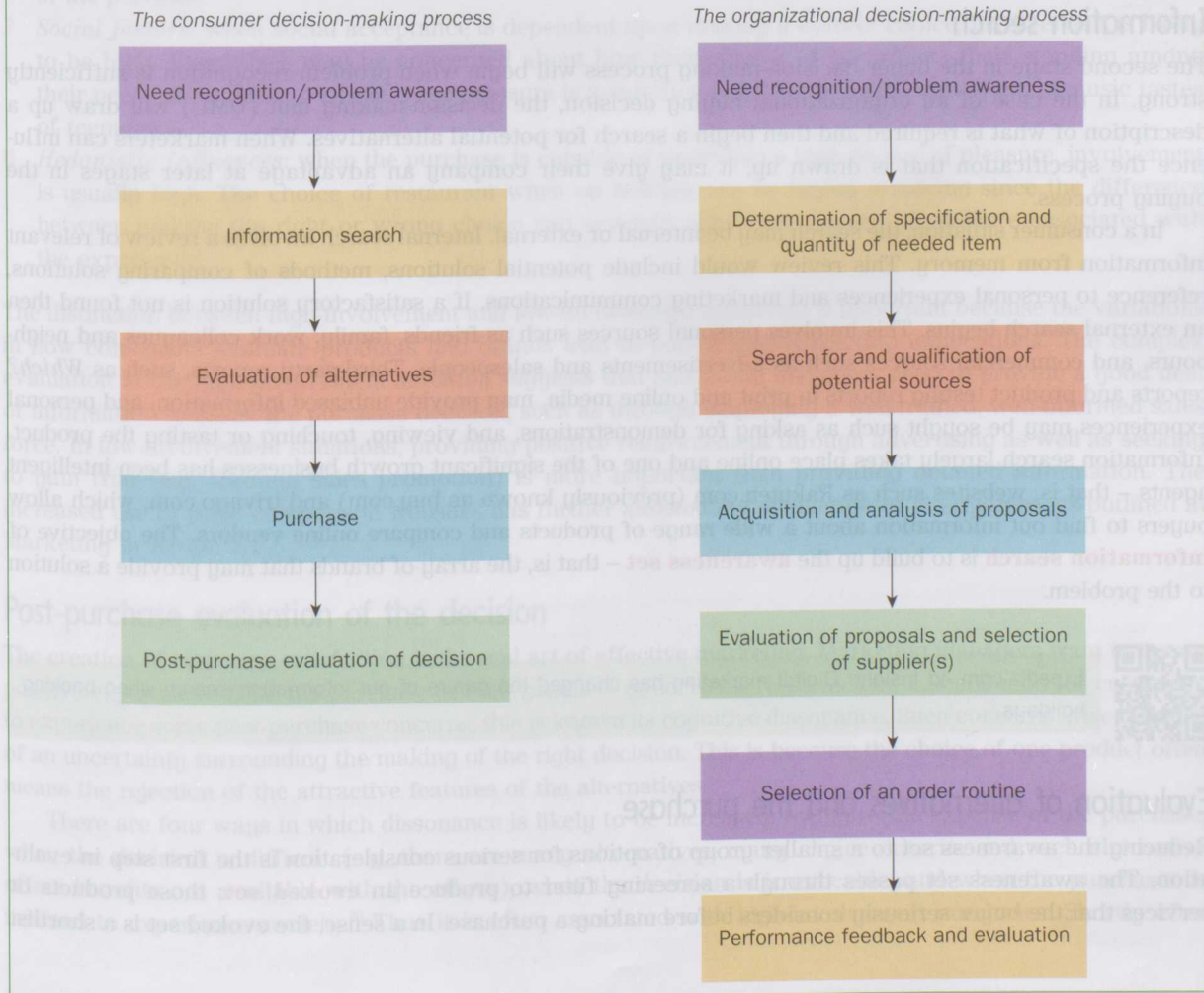
Habitual problem solving occurs in situations of low consumer involvement and a perception of limited differences between brands. It will take place, for example, when a consumer repeat-buys a product while carrying out little or no evaluation of the alternatives, such as groceries purchased on a weekly shopping trip. He or she may recall the satisfaction gained by purchasing a brand, and automatically buy it again. Advertising

may be effective in keeping the brand name in the consumer's mind and reinforcing already favourable attitudes towards it.

Finally, consumers also engage in *variety-seeking behaviour* in situations characterized by low product involvement but where there are significant perceived differences between brands. For example, consumers may switch from one brand of biscuit to another, simply to try something new. The use of sales promotions by firms, such as extra free products and product sampling, are designed to encourage variety-seeking behaviour.

From the perspective of the information processing approach, the typical decision-making process for consumers and organizations is shown in Figure 3.3. This diagram shows that buyers typically move through a series of stages, from recognition that a problem exists to an examination of potential alternatives to a purchase and the subsequent evaluation of the purchase. Organizational buying is typically more complex and may involve more stages. However, as we saw above, the exact nature of the process will depend on the type of decision being made. In certain situations some stages will be omitted; for example, in a routine re-buy situation such as reordering photocopying paper, the purchasing officer is unlikely to pass through the third, fourth and fifth stages of organizational decision-making (search for suppliers and analysis, and evaluation of their proposals). These stages will be bypassed as the buyer, recognizing a need, routinely reorders from an existing supplier. In general, the more complex the decision and the more expensive the item, the more likely it is that each stage will be passed through and that the process will take more time.

Figure 3.3 Buying decision processes: consumer vs organizational



Need recognition/problem awareness

Need recognition may be functional and occur as a result of routine depletion (e.g. petrol, food) or unpredictable (e.g. the breakdown of a car or washing machine). In other situations, consumer purchasing may be initiated by more emotional needs or by simply imagining or daydreaming about what an experience may be like. Marketing campaigns frequently try to tap directly into emotional needs as a way of initiating consumption and driving brand preference.

The need recognition stage has a number of implications for marketing. First, marketing managers must be aware of the needs of consumers and the problems they face. Sometimes this awareness may be due to the intuition of the marketer who, for example, spots a new trend (such as the early marketing pioneers who spotted the trend towards fast food, which has underpinned the global success of companies like McDonald's and KFC). Dove is another brand that spotted a new trend and took note of the positive body movement. It has worked hard to connect its brand image to social ideals and, thanks to a decade of 'Real Beauty' campaigns, the personal care products company has successfully associated itself with the goal of positive body image. Alternatively, marketing research could be used to assess customer problems or needs (see Chapter 4). Second, marketers should be aware of need inhibitors – that is, those factors that prevent consumers from moving from need recognition to the next stage of the buying decision process. For example, ASOS recognized that overcoming the need inhibitor – delivery costs – is important. To overcome this inhibitor, it was one of the first online retailers to introduce free standard delivery for customers spending more than €25. Third, marketing managers should be aware that needs may arise because of stimulation. Their activities, such as developing advertising campaigns and training salespeople to sell product benefits, may act as cues to need arousal.

Information search

The second stage in the buyer decision-making process will begin when problem recognition is sufficiently strong. In the case of an organizational buying decision, the decision-making unit (DMU) will draw up a description of what is required and then begin a search for potential alternatives. When marketers can influence the specification that is drawn up, it may give their company an advantage at later stages in the buying process.

In a consumer situation, the search may be internal or external. Internal search involves a review of relevant information from memory. This review would include potential solutions, methods of comparing solutions, reference to personal experiences and marketing communications. If a satisfactory solution is not found then an external search begins. This involves personal sources such as friends, family, work colleagues and neighbours, and commercial sources such as advertisements and salespeople. Third-party reports, such as *Which?* reports and product testing reports in print and online media, may provide unbiased information, and personal experiences may be sought such as asking for demonstrations, and viewing, touching or tasting the product. Information search largely takes place online and one of the significant growth businesses has been intelligent agents – that is, websites such as Rakuten.com (previously known as buy.com) and trivago.com, which allow buyers to find out information about a wide range of products and compare online vendors. The objective of **information search** is to build up the **awareness set** – that is, the array of brands that may provide a solution to the problem.



Expedia.com Ad Insight: Digital marketing has changed the nature of our information search when booking holidays.

Evaluation of alternatives and the purchase

Reducing the awareness set to a smaller group of options for serious consideration is the first step in evaluation. The awareness set passes through a screening filter to produce an **evoked set**: those products or services that the buyer seriously considers before making a purchase. In a sense, the evoked set is a shortlist

of options for careful evaluation. The screening process may use different choice criteria from those used when making the final choice, and the number of choice criteria used is often fewer.¹⁶ In an organizational buying situation, each DMU member may use different choice criteria. One choice criterion used for screening may be price. For example, transportation companies whose services are below a certain price level may form the evoked set. Final choice may then depend on criteria such as reliability, reputation and flexibility. The range of choice criteria used by customers will be examined in more detail later.

Consumers' level of involvement is a key determinant of the extent to which they evaluate a brand. Involvement is the degree of perceived relevance and personal importance accompanying the brand choice.¹⁷ When engaging in extended problem solving, the consumer is more likely to carry out extensive evaluation. High-involvement purchases are likely to include those incurring high expenditure or personal risk, such as car or home buying. In contrast, low-involvement situations are characterized by simple evaluations about purchases. Consumers use simple choice tactics to reduce time and effort rather than maximize the consequences of the purchase.¹⁸ For example, when purchasing baked beans or breakfast cereals, consumers are likely to make quick choices rather than agonize over the decision. Research by Laurent and Kapferer has identified four factors that affect involvement.¹⁹

- 1 **Self-image:** involvement is likely to be high when the decision potentially affects one's self-image. Thus purchase of jewellery, clothing and cosmetic surgery invokes more involvement than choosing a brand of soap or margarine.
- 2 **Perceived risk:** involvement is likely to be high when the perceived risk of making a mistake is high. The risk of buying the wrong house is much higher than that of buying the wrong chewing gum, because the potential negative consequences of the wrong decision are higher. Risk usually increases with the price of the purchase.
- 3 **Social factors:** when social acceptance is dependent upon making a correct choice, involvement is likely to be high. Executives may be concerned about how their choice of car affects their standing among their peers in the same way that peer pressure is a significant influence on the clothing and music tastes of teenagers.
- 4 **Hedonistic influences:** when the purchase is capable of providing a high degree of pleasure, involvement is usually high. The choice of restaurant when on holiday can be highly involving since the difference between making the right or wrong choice can severely affect the amount of pleasure associated with the experience.

The distinction between high-involvement and low-involvement situations is important because the variations in how consumers evaluate products and brands lead to contrasting marketing implications. The complex evaluation in the high-involvement situation suggests that marketing managers need to provide a good deal of information to assist the purchase decision, such as through employing a well-trained, well-informed sales force. In low-involvement situations, providing positive reinforcement through advertising as well as seeking to gain trial (e.g. through sales promotion) is more important than providing detailed information. The increased use of price comparison websites has further assisted the evaluation of alternatives, as outlined in Marketing in Action 3.1.

Post-purchase evaluation of the decision

The creation of customer satisfaction is the real art of effective marketing. Marketing managers want to create positive experiences from the purchase of their products or services. Nevertheless, it is common for customers to experience some post-purchase concerns; this is known as cognitive dissonance. Such concerns arise because of an uncertainty surrounding the making of the right decision. This is because the choice of one product often means the rejection of the attractive features of the alternatives.

There are four ways in which dissonance is likely to be increased: owing to the expense of the purchase; when the decision is difficult (e.g. there are many alternatives, many choice criteria, and each alternative offers benefits not available with the others); when the decision is irrevocable; and when the purchaser is inclined to experience anxiety.²⁰ Thus it is often associated with high-involvement purchases. Shortly after



Marketing in Action 3.1

Price comparison websites

Critical Thinking: Below is a review of the role of price comparison websites in the evaluation of alternatives phase of the buying decision process. Read it and critically evaluate the pros and cons of using these sources of information.

Online shoppers are a frugal bunch. Customers want items quickly, and from the cheapest reliable seller. Price comparison engines or comparison shopping engines group products together based on price, shipping rates and seller ratings so consumers can compare products easily in one place. Consumers are increasingly relying on such price comparison sites to gain knowledge about the market. Shoppers are increasingly going online to price comparison sites and using the information gathered there to help them make offline, in-store purchases, or 'web-to-store' shopping. The detailed information presented in price comparison site search results (e.g. retailer ratings, frequency of retailers offering the product at the same price, retailer price level) may influence subsequent price evaluations. Online shoppers are generally not going direct to an online retailer's website any more. Instead, consumers are accessing products online through search engines and price comparison engines such as Google Shopping, Amazon Product Ads and Pricegrabber. For example, in the insurance industry, while comparison sites are best known for motor and home insurance, there are now many other types of cover that can be searched for, including pet, travel and small business insurance. In recent years, more and more niches have been added to suit a variety of needs, including telematics (also known as black box insurance) for young drivers, specialist policies for tenants and holiday home owners, along with a host of other financial services, utilities and broadband products.

It is estimated that more than 11 million people use price comparison sites and it's clear why they appeal. First, they can reduce consumers' search cost by bringing different providers onto the same platform. As such, consumers no longer need to go to each individual provider's website to extract information. Second, by grouping different product/service features, they assist consumers in navigating through the complicated product/service options and help to simplify their decision-making process. Third, the value-added functions allow consumers to select the best deal available on that price comparison website according to their chosen criteria. As the name suggests, price is what most of these sites provide their rankings on. Nevertheless, some price comparison websites have been innovative in how they provide the price rankings. For instance, Skyscanner provides the option of allowing the consumer to choose the date of travel and rank potential travel destinations by price. Such value added services add another layer of convenience to consumers.

However, the use of price comparison websites is not without its problems. Research by the Competition and Markets Authority (CMA) found that consumers did not typically think price comparison websites were pushing any particular supplier or product, and often described them as 'unbiased' or 'there to help consumers'. Not every insurer and every insurance product will be on a particular site – this is why the CMA recommended that consumers should use several sites to ensure they are covering all the bases. Consumers are not generally aware of the business models driving these commercial organizations. They provide their services to consumers free of charge because they make money by charging a commission to suppliers – be they energy companies, insurers or lenders – when we switch or sign up via their platform. Therefore, while price comparison sites have certainly increased competition and aid consumers in evaluating alternatives, it should always be remembered that, despite the customer benefits offered, the business model is one that is based on making a profit through commission on sales.

Based on: MacArthur, 2015;²¹ Arora, 2016;²² Anonymous, 2018;²³ Europe Economics, 2017;²⁴ Barrett, 2018²⁵

purchase, car buyers may attempt to reduce dissonance by looking at advertisements and brochures for their model, and seeking reassurance from owners of the same model. Some car dealers, such as Toyota, seek to reduce this 'buyer remorse' by contacting recent purchasers by letter to reinforce the wisdom of their decision and to confirm the quality of their after-sales service. Organizations frequently solicit customer reviews of products and services, which are made available online and provide future customers with a better idea of what to expect. Managing expectations is a key part of reducing dissonance.

The consumer decision journey

Perspectives on how consumers move through the buying decision process have changed through taking account of the easy access to information and media-rich environments in which we now live. The concept of the **consumer decision journey** has been advanced to describe how consumption decisions are made today.²⁶ Among the significant trends that have been observed is that the number of alternatives considered may actually grow rather than reduce during the decision-making process. This is due to the ease of access to information about alternatives available both offline and online. A second major feature is the more active post-purchase experience, where the unwrapping and unboxing of purchases may be filmed and shared, along with a significant growth in the use of social media and online reviews to post positive and negative commentary on goods and services. Some aspects that appear to improve the customer journey experience include a fully digitized journey, high levels of customer convenience and customization of the journey.²⁷

What are the choice criteria?

The various attributes (and benefits) a customer uses when evaluating products and services are known as **choice criteria**. They provide the grounds for deciding to purchase one brand or another. Different members of the buying centre may use different choice criteria. For example, purchasing managers who are judged by the extent to which they reduce purchase expenditure are likely to be more cost conscious than production engineers who are evaluated in terms of the technical efficiency of the production process they design. Four types of choice criteria are listed in Table 3.2, which also gives examples of each.

Technical criteria are related to the performance of the product or service, and include reliability, durability, comfort and convenience. Many consumers justify purchase decisions in rational technical terms but, as we shall see, the true motives for purchasing are often much more emotional. Some technical criteria, such as reliability, are particularly important in industrial purchasing. Many buying organizations are unwilling to trade quality for price. A 2018 *Harvard Business Review* study showed that although price is an important consideration in industrial buying, a full range of rational and emotional factors can influence business purchases.²⁸ Infosys, the Indian business consulting and information technology services firm, is a good example of how a B2B seller can benefit from focusing on quality rather than low price. Core to the company's brand strategy was quality and value over price, and this has meant that Infosys has walked away from lucrative deals below a certain price point that might compromise its reputation for quality. This quality guarantee has allowed Infosys to charge a premium for its service, leading to higher margins and securing long-term revenue through retained customers.²⁹

Table 3.2 Choice criteria used when evaluating alternatives

Type of criteria	Examples
Technical	Reliability Durability Performance Style/looks Comfort Delivery Convenience Taste
Economic	Price Value for money Running costs Residual value Life cycle costs
Social	Status Social belonging Convention Fashion
Personal	Self-image Risk reduction Morals Emotions

Economic criteria concern the cost aspects of purchase, and include price, running costs and residual values (e.g. the trade-in value of a car). However, it should not be forgotten that price is only one component of cost for many buying organizations. Increasingly, buyers take into account life-cycle costs – which may include productivity savings, maintenance costs and residual values as well as initial purchase price – when evaluating products. Marketers can use life-cycle cost analysis to break into an account. By calculating life-cycle costs with a buyer, new perceptions of value may be achieved.

Social and personal criteria are particularly influential in consumer purchasing decisions. Social criteria concern the impact that the purchase makes on the person's perceived relationships with other people, and the influence of social norms on the person. For example, in the early days the manufacturers of personal computers and mobile phones, such as Apple, IBM and Motorola, sought to sell them on the basis of their technical and economic criteria. But as the technology underpinning these products becomes similar for all vendors, new forms of differentiation, such as colour, shape, appearance and emotional attributes,

all became important. Recent research has demonstrated the powerful social effects of consumption. Simply wearing clothes sporting well-known labels such as Lacoste and Tommy Hilfiger has been shown to generate perceptions of higher status, increase participation in shopping mall surveys and improve the wearer's job prospects and ability to solicit funds for a charity.³⁰

Personal criteria concern how the product or service relates to the individual psychologically. Emotions are an important element of customer decision-making (see Exhibit 3.4).

Personal criteria are also important in organizational purchasing. Risk reduction can affect choice decisions since some people are risk averse and prefer to choose 'safe' brands. The classic IBM advertising campaign that used the slogan 'No one ever got fired for buying IBM' reflected its importance. Suppliers may be favoured on the basis that certain salespeople are liked or disliked, or due to office politics where certain factions within the company favour one supplier over another.

Marketing managers need to understand the choice criteria being used by customers to evaluate their products and services. Such knowledge has implications for priorities in product design, and the appeals to use in advertising and personal selling.

Exhibit 3.4 Drinks brands like Corona Extra are heavy users of emotional advertising.

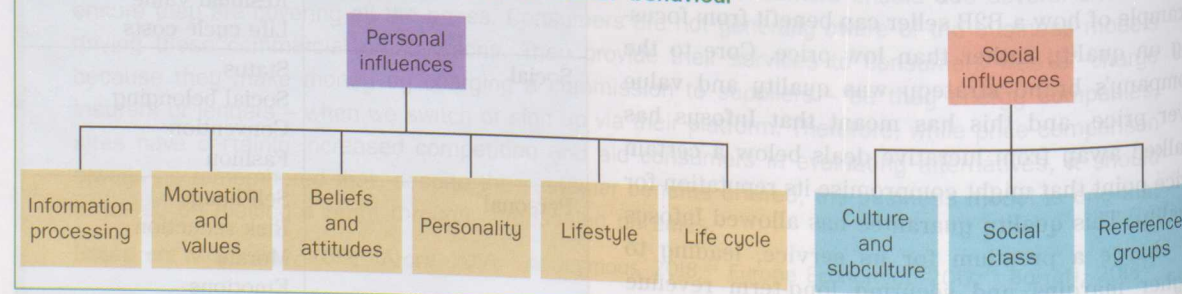


Western Sydney University Ad Insight: An emotional appeal is used to illustrate the power of education.

Influences on consumer behaviour

The main influences on consumer behaviour are summarized in Figure 3.4. Personal influences describe those drivers that relate to the individual, while social influences take account of the drivers that arise from the contexts in which we live.

Figure 3.4 Personal and social influences on consumer behaviour



Personal influences

The six personal influences on consumer behaviour are: information processing, motivation, **beliefs** and **attitudes**, personality, lifestyle, and life cycle.

Information processing

The term **information processing** refers to the process by which a stimulus is received, interpreted, stored in memory and later retrieved.³¹ It is therefore the link between external influences including marketing activities and the consumer's decision-making process. Two key aspects of information processing are perception and learning.

Perception is the complicated means by which we select, organize and interpret sensory stimulation into a meaningful picture of the world.³² We receive these external stimuli through our different senses, such as hearing a familiar jingle, seeing a YouTube video or encountering the familiar smell of a favourite coffee shop. The sensation of touch has been important in the success of Apple's products. Companies now place a significant emphasis on trying to present a multi-sensory experience for their customers as a way of attracting our attention (often subconsciously) and of differentiating their offerings from competitors. For example, Toyota produced a pop-up ad of a Toyota Camry's dashboard. Once the viewer placed their thumbs on the sensor tabs in the advert, the sensors activated a heart rate monitor that registered the user's pulse, the monitor on the advertisement lit up to show the user's heart rate and it emitted a leather new-car smell. Other car brands have also developed innovative ways of creating a multi-sensory experience (see Exhibit 3.5).

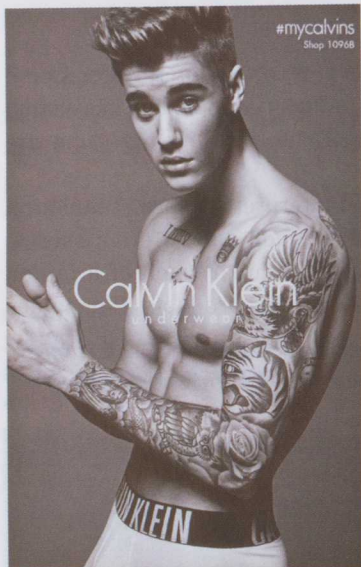
Exhibit 3.5 The Porsche Sound Lab was a pop-up store in the form of a modern music store to give customers the virtual experience of driving the car.



Three processes may be used to sort, into a manageable amount, the masses of stimuli that could be perceived. These are **selective attention**, **selective distortion** and **selective retention**. Selective attention is the process by which we screen out those stimuli that are neither meaningful to us nor consistent with our experiences and beliefs. In our information-rich world, selective attention represents a major challenge for marketers. Various studies have shown that consumers are exposed to a huge volume of marketing messages but attend to a very small percentage of them. For example, one study has found that consumers could recall only an average of 2.21 advertisements that they had ever seen.³³ Creative approaches such as humour, shock, sex and mystery are used by advertisers to try to capture consumer attention. Position is also critical; objects placed near the centre of the visual range are more likely to be noticed than those on the periphery. This is why there is intense competition to obtain eye-level positions on supermarket shelves. We are also more likely to notice those messages that relate to our needs (benefits sought)³⁴ and those that provide surprises (e.g. substantial price reductions).

When consumers distort the information they receive according to their existing beliefs and attitudes this is known as selective distortion. We may distort information that is not in accord with our existing views. Methods of doing this include thinking that we misheard the message and discounting the message source. Consequently, it is very important to present messages clearly without the possibility of ambiguity and to use a highly credible source. **Information framing** or priming can affect interpretation. 'Framing' refers to ways in which information is presented to people. Levin and Gaeth³⁵ asked people to taste minced beef after telling half the sample that it was 70 per cent lean and the other half that it was 30 per cent fat. Despite the fact that the

Exhibit 3.6 Luxury brands like Calvin Klein are frequent users of black and white imagery to convey elegance and luxury.



of using an established relationship between a stimulus and a response to cause the learning. Thus, advertising of soft drinks will typically show groups of people having fun and, when this type of advertising is constantly repeated, a certain level of conditioning takes place, creating an association between drinks consumption and happiness. This helps to explain why big, well-known brands advertise repeatedly. For example, the energy drink Red Bull repeatedly uses quirky, humorous advertising to appeal to its target market of young adults.

Operant conditioning differs from classical conditioning in terms of the role and timing of the reinforcement. In this case, reinforcement results from rewards: the more rewarding the response, the stronger the likelihood of the purchase being repeated. Operant conditioning occurs as a result of product trial. The use of free samples is based on the principles of operant conditioning. For example, free samples of a new shampoo are distributed to a large number of households. Because the use of the shampoo is costless it is used (desired response), and because it has desirable properties it is liked (reinforcement) and the likelihood of its being bought is increased. Thus the sequence of events is different for classical and operant conditioning. In the former, by association, liking precedes trial; in the latter, trial precedes liking. A series of rewards (reinforcements) may be used over time to encourage the repeat buying of the product.

The learning of knowledge, and the development of beliefs and attitudes without direct reinforcement is referred to as **cognitive learning**, which stresses the importance of internal mental processes. The learning of two or more concepts without conditioning is known as **rote learning**. Having seen the headline 'Lemsip is for flu attacks', the consumer may remember that Lemsip is a remedy for flu attacks without the kinds of conditioning and reinforcement previously discussed. **Vicarious learning** involves learning from others without direct experience or reward. It is the promise of the reward that motivates. Thus we may learn the type of clothes that attract potential admirers by observing other people. In advertising, the 'admiring glance' can be used to signal approval of the type of clothing being worn or the alcoholic beverage being consumed. We imagine that the same may happen to us if we dress in a similar manner or drink a similar drink.

Reasoning is a more complex form of cognitive learning and is usually associated with high-involvement situations. For example, a detailed online product review or a sales presentation enables consumers to draw their own conclusions through reasoning, having been presented with some facts or assertions. Whatever form of learning is used, marketers are particularly interested in both the recognition and recall of messages, as we shall see in Chapter 10.

Our understanding of how people perceive stimuli and learn is improving all the time. **Semiotics** is the study of the correspondence between signs and symbols, and their roles in how we assign meanings. Symbols in logo design and advertising are given meanings by the consumers that interpret them as such. For example, the striding

man on a bottle of Johnnie Walker whisky symbolizes the journey we take through life and this journey was the centrepiece of the Johnnie Walker 'Keep Walking' campaign. In psychology and brain research, significant attention is being devoted to trying to understand the subconscious as it would appear that much of our decision-making is done there without us realizing it (as we saw in Critical Marketing Perspective 3.1). For example, it has been argued that we often make snap judgements that are superior to those that we think a great deal about.³⁸

two statements are equivalent, the sample that had the information framed positively (70 per cent lean) recorded higher levels of taste satisfaction. Priming involves using stimuli to encourage people to behave in certain ways. For example, when consumers arrive at a supermarket it takes a while for the mind to get into shopping mode. Therefore retailers term the area just inside the entrance as the decompression zone – where people are encouraged to slow down and look at special offers – which is then followed by the chill zone containing books, magazines and DVDs.³⁶ Colour is another important influence on interpretation (see Exhibit 3.6). Blue and green are viewed as cool, and evoke feelings of security. Red and yellow are regarded as warm and cheerful, but have also been found to have an aphrodisiac effect on men without an awareness on their part that this is the case.³⁷ By using the appropriate colour in pack design it is possible to affect the consumer's feelings about a product. However, it is important to remember that colour is also subject to different interpretations across different cultures.

Selective retention refers to the fact that only a selection of messages may be retained in memory. We tend to remember messages that are in line with existing beliefs and attitudes. Marketers are also interested in how we make sense of marketing stimuli such as the processes by which a leading sportsperson can cause us to select particular brands.

Learning takes place in a number of different ways. These include conditioning and cognitive learning. **Classical conditioning** is the process

man on a bottle of Johnnie Walker whisky symbolizes the journey we take through life and this journey was the centrepiece of the Johnnie Walker 'Keep Walking' campaign. In psychology and brain research, significant attention is being devoted to trying to understand the subconscious as it would appear that much of our decision-making is done there without us realizing it (as we saw in Critical Marketing Perspective 3.1). For example, it has been argued that we often make snap judgements that are superior to those that we think a great deal about.³⁸

Motivation

Given the endless array of choices that are available to us, what are the motives that cause us to select one experience over another or choose to spend our time or money in certain ways? A key part of this issue (and of the debates about marketing generally) is the distinction between needs and wants. Critics of marketing argue that it creates excessive wants and desires among consumers, leading to all types of maladaptive behaviours such as addictive consumption, compulsive shopping disorder (CSD), consumer debt and the waste of the planet's scarce resources.

One of the best-known theories of motivation is Maslow's Hierarchy of Needs. The psychologist Abraham Maslow sought to explain how people grow and develop, and proposed that we move through a hierarchy of motives. First we must satisfy our basic *physiological needs* for food, clothing and shelter, then we move to *safety needs* such as protection from danger and accidents, then to the need for *belongingness* such as love and family relationships, then to the needs for *esteem and status*, and then to the final, highest level of need, namely *self-actualization*, which is essentially our understanding of whatever the meaning of life is for us. From a marketing point of view, different products can be seen as fulfilling different needs, such as security systems for safety, club memberships for status, and travel and education for self-actualization. However, consumers do not progress rigidly up the hierarchy but may place emphasis on different levels at different times, and the same product may satisfy different needs for different people.

Consequently, new explanations of fundamental human needs are becoming more popular. For example, evolutionary psychologists argue that we have four basic human needs that have derived from our evolution as a species and can be observed in different cultures during different time periods. These are the need to survive, to reproduce, to select kin and to reciprocate. These fundamental motives can be observed in the consumption of everything from cookery books (survival) to cosmetic surgery (reproduction) to Christmas gift giving (reciprocation).³⁹

Beliefs and attitudes

A thought that a person holds about something is known as a 'belief'. Beliefs about oneself, known as the **self-concept**, are very important because this drives a signification element of consumption. For example, the viral video from Dove called 'Evolution', which was part of the Real Beauty campaign, was a significant hit because it shows how perceptions of beauty are distorted in the media.

Consumers increasingly use brands to convey their identity by wearing branded clothes or even having brands tattooed on their bodies. Marketing people are also very interested in consumer beliefs because these are related to attitudes. In particular, misconceptions about products can be harmful to brand sales. Duracell batteries were believed by consumers to last three times as long as Ever Ready batteries, but in continuous use they lasted more than six times as long. This prompted Duracell to launch an advertising campaign to correct this misconception.

An 'attitude' is an overall favourable or unfavourable evaluation of a product or service. The consequence of a set of beliefs may be a positive or negative attitude towards the product or service. Changing attitudes is an important step in convincing consumers to try a brand. For example, prior to 2010, Old Spice was seen as a brand for older generations, and the younger market had a negative attitude towards it and saw it as a stagnant and uninteresting brand. The introduction of its humorous 'The Man Your Man Could Smell Like' advertisements helped change attitudes towards the brand and make it more appealing to a new younger demographic.⁴⁰ By changing the brand name and packaging of its value range to M Savers, the UK supermarket chain Morrisons was successful in changing attitudes and growing sales of this sub-brand.

Understanding beliefs and attitudes is an important task for marketers. For example, the attitudes of the 'grey market' (those over the age of 50 years) are not well understood. Some companies, such as Gap, have explicitly targeted this segment, but Gap was forced to close its Forth & Towne outlets after heavy losses. Brands like Amazon's Kindle and Apple's iPhone and iPad have proved to be particularly popular with the grey

market because they are larger than other portable devices and are very easy to use. Some firms are trying to understand older people better. Kimberley-Clark, a maker of consumer products, has built a mock-up of what a senior-friendly shop might look like in the future. Ford has also created a 'third-age suit' for car designers to wear to help them understand the needs of older people: the suit thickens the waist, stiffens the joints and makes movement more cumbersome.⁴¹ This large and relatively well-off 'grey market' is likely to be the subject of significant marketing effort in the years to come.

Personality

Just from our everyday dealings with people we can tell that they differ enormously in their personalities. **Personality** is the sum of the inner psychological characteristics of individuals, which lead to consistent responses to their environment.⁴² There are several theories of personality but the most accepted today is the big five, and the extent to which one varies on these dimensions ranges from high to low.⁴³ The big five are:

- 1 Openness to new experience, novelty seeking, etc.
- 2 Conscientiousness, which is self-control, reliability, etc.
- 3 Agreeableness, which is warmth, friendliness, etc.
- 4 Stability, such as emotional stability
- 5 Extraversion – that is, the extent to which people are outgoing and talkative or not.

The extent to which we possess each of these traits will be reflected in our behaviour and in our consumption choices. For example, conscientiousness is generally low in juveniles and increases with age. The consumption of high-maintenance products, pets, personal grooming and home fitness equipment is an indicator of high conscientiousness.



G-Shock Ad Insight: This Casio G-Shock advertisement promotes the brand's tough and durable characteristics.

This concept – personality – is also relevant to brands (see Marketing in Action 3.2). 'Brand personality' is the characterization of brands as perceived by consumers. Brands may be characterized as 'for adventure seekers' (Red Bull), 'for winners' (Nike) or 'self-important' (L'Oréal). This is a dimension over and above the physical (e.g. colour) or functional (e.g. taste) attributes of a brand. By creating a brand personality, a marketer may generate appeal to people who value that characterization. For example, one of the longest-running fictional brands is James Bond; a variety of car makers and technology companies have attempted to bring his cool, suave and sexy personality into their brands by placing them in Bond movies.



Marketing in Action 3.2 Virgin brand personality

Critical Thinking: Below is a review of the importance of brand personality and an overview of how Virgin's brand personality has helped to distinguish it from competitors and build a loyal customer base.

A brand personality is something to which a consumer can relate. It helps define the character of a brand and facilitates the emotional connection between a brand and its target audience. Brand personality is simply the way a brand presents itself to the world. It includes how a brand looks, sounds, feels and behaves, and it is the most immediate way for customer to understand 'who' the brand is and be attracted to find out more. When all competitors in a particular industry do, more or less, the same thing, it becomes increasingly difficult to differentiate on brand positioning alone. Corporate

(continued)

culture as experienced by the unique personality of a brand can often set companies in these industries apart. Brand personality is a critical part of developing a well-rounded brand strategy. A consistent brand personality gives a consumer a seamless experience and a consistent message about what a brand stands for. When executed strategically, brand personality empowers a brand to create strong, invaluable brand equities and loyal customers. In essence, it's less about *what* these companies do to provide value to customers and more about *how* they provide that value.

Virgin is a brand that has a very distinct brand personality that helps it to stand out from the competition. Virgin is often described as maverick, rebellious and even a bit edgy – but that is combined with a sense of fun and appreciation of pleasure. It's that combination of personality traits that has enabled Virgin to challenge and shake up many industries while keeping a strong emotional appeal to customers. Virgin's clear, recognizable, attractive and distinctive personality ensures it stands out. The Virgin brand identity is highly consistent across industries, countries and over time: the red colour, the upbeat tone of voice and the 'naughty' behaviour are all part of creating success for the maverick Virgin and the maverick Richard Branson.

One of its core values is to disrupt industries while providing heartfelt service – all the while having fun. Whether it is selling holidays or mobile phone contracts, it always makes sure fun shines through in its products and services, by placing it at the heart of its marketing. For example, when it launched Virgin Atlantic, it didn't have the budget to take on British Airways' marketing campaigns. Instead, Richard Branson put himself front and centre of the brand – giving Virgin a personality that British Airways didn't have. Ever since then, it has been thinking up fun ways to stand out from the crowd and draw the media's attention to the company. It's done everything from breaking world records to teasing competitors, and taking part in outlandish adventures that have got it noticed. Virgin also maximizes social media to enhance customer loyalty through events, promotions and sales; it opens lines of communication to generate buzz from satisfied customers and quickly addresses the concerns of disgruntled ones. Virgin continues to consistently make headlines by letting its brand personality shine through everything it does and by having fun.

Based on: Million, 2018;⁴⁴ Anonymous, 2018;⁴⁵ Branson, 2016;⁴⁶ Anonymous, 2015⁴⁷

Lifestyle

Lifestyle patterns have been the subject of much interest as far as marketing research practitioners are concerned. The term 'lifestyle' refers to the pattern of living as expressed in a person's activities, interests and opinions (the AIO dimensions). Lifestyle analysis (psychographics) groups consumers according to their beliefs, activities, values and demographic characteristics (such as education and income). For example, the advertising agency Young & Rubicam identified seven major lifestyle groups that can be found throughout Europe and the USA:

- 1 *The mainstreamers*: the largest group. Attitudes include conventional, trusting, cautious and family centred. Leisure activities include spectator sports and gardening; purchase behaviour is habitual, brand loyal and in approved stores.
- 2 *The aspirers*: members of this group are unhappy, suspicious and ambitious. Leisure activities include trendy sports and fashion magazines; they buy fads, are impulse shoppers and engage in conspicuous consumption.
- 3 *The succeeders*: those that belong to this group are happy, confident, industrious and leaders. Leisure activities include travel, sports, sailing and dining out. Purchase decisions are based on criteria like quality, status and luxury.
- 4 *The transitionals*: members of this group are liberal, rebellious, self-expressive and intuitive. They have unconventional tastes in music, travel and movies; and enjoy cooking and arts and crafts. Shopping behaviour tends to be impulsive and to involve unique products.
- 5 *The reformers*: those that belong to this group are self-confident and involved, have broad interests and are issues orientated. They like reading, cultural events, intelligent games and educational television. They have eclectic tastes, enjoy natural foods, and are concerned about authenticity and ecology.

- 6 *The struggling poor*: members of this group are unhappy, suspicious and feel left out. Their interests are in sports, music and television; their purchase behaviour tends to be price based, but they are also looking for instant gratification.
- 7 *The resigned poor*: those in this group are unhappy, isolated and insecure. Television is their main leisure activity and shopping behaviour is price based, although they also look for the reassurance of branded goods.

Lifestyle analysis has implications for marketing since lifestyles have been found to correlate with purchasing behaviour.⁴⁸ A company may choose to target a particular lifestyle group (e.g. the mainstreamers) with a product offering, and use advertising that is in line with the values and beliefs of this group (see Exhibit 3.7). For example, Benecol's range of cholesterol-lowering foods is marketed at consumers who seek to have a healthy lifestyle. As information on the readership/viewership habits of lifestyle groups becomes more widely known so media selection may be influenced by lifestyle research.

Exhibit 3.7 The increased popularity of the 'outdoor' lifestyle has enabled brands like Regatta to grow across Britain and Ireland.



Life cycle

In addition to the factors we have already examined, consumer behaviour may depend on the 'life stage' people have reached. A person's life-cycle stage is of particular relevance since disposable income and purchase requirements may vary according to life-cycle stage. For example, young couples with no children may have high disposable income if both work, and may be heavy purchasers of home furnishings and appliances since they may be setting up home. When they have children, their disposable income may fall, particularly if they become a single-income family and the purchase of baby and child-related products increases. At the empty-nester stage, disposable income may rise due to the absence of dependent children, low mortgage repayments and high personal income. Research has shown that, when children leave a home, a mother is likely to change 80 per cent of the branded goods she buys regularly and that they are more likely than any other group to decide which brands they want to buy once in a store than beforehand.⁴⁹ Both these issues have important marketing implications.

Social influences

The three social influences on consumer behaviour are: culture, social class and reference groups.

Culture

As we noted in Chapter 2, **culture** refers to the traditions, taboos, values and basic attitudes of the whole society within which an individual lives. It provides the framework within which individuals and their lifestyles develop, and consequently affects consumption. For example, in Japan it is generally women that control the

family finances and make all the major household spending decisions. As a result, many financial services firms are developing investment products targeted specifically at Japanese women. Within cultures there are also a variety of subcultures that influence consumer behaviour and marketing, as we saw in Chapter 2.

The most notable trend in the past three decades has been the increased internationalization of cultures. Products and services that previously may have been available only in certain countries are now commonplace. For example, speciality cuisines like Japanese sushi, Korean barbecue and Cajun food can now be found in major cities throughout the world. Allied to this, though, is the growing domination of some cultures. For example, the success of American fast-food chains and social media companies represents a major challenge to smaller, local enterprises in many parts of the world.

Social class

Long regarded as an important determinant of consumer behaviour, the idea of social class is based largely on occupation (often that of the chief income earner). This is one way in which respondents in marketing research surveys are categorized, and it is usual for advertising media (e.g. newspapers) to give readership figures broken down by social class groupings. Some countries are significantly more class conscious than others, such as the UK and India, and movement between the classes is difficult. In others, such as Brazil and China, rising incomes are creating large new middle- and upper-class segments, which is significantly driving demand for international and luxury brands respectively. For example, such is the demand for golf courses in China that many are being built without planning permission and others are not being called golf courses to get around planning legislation.

However, the use of traditional social class frameworks to explain differences in consumer behaviour has been criticized because certain social class categories may not relate to differences in disposable income (e.g. many self-employed manual workers can have very high incomes). The National Statistics Socioeconomic Classification system (NSSEC) in the UK aims to take account of this situation by identifying eight categories of occupation, as shown in Table 3.3. Consumption patterns are likely to vary significantly across these categories. For example, research on the social class of British grocery shoppers has found that the highest proportion of AB (managerial/professional) shoppers frequent Sainsbury's; Asda attracts a significantly higher share of people in lower supervisory and technical occupations; while Tesco's profile mirrors that of society in general.⁵⁰ An interesting trend in the growing middle-class segment is that consumers are becoming more cost-conscious and this has contributed to the growth of the discounters. Lidl has now overtaken Waitrose to become Britain's seventh largest supermarket by share of the groceries market. Furthermore, its rival Aldi has cemented its spot in fifth position ahead of Co-op. Britain's big four grocers (Tesco, Sainsbury's, Asda and Morrisons) are losing market share to the discounters.⁵¹

Table 3.3 Social class categories

Analytic class	Operational categories	Occupations
1	Higher managerial and professional occupations	Employers in large organizations; higher managerial and professional
2	Lower managerial and professional occupations	Lower managerial occupations; higher technical and supervisory occupations
3	Intermediate occupations	Intermediate clerical/administrative, sales/service, technical/auxiliary and engineering occupations
4	Small employers and own-account workers	Employers in small, non-professional and agricultural organizations, and own-account workers
5	Lower supervisory and technical occupations	Lower supervisory and lower technical craft and process operative occupations
6	Semi-routine occupations	Semi-routine sales, service, technical, operative, agricultural, clerical and childcare occupations
7	Routine occupations	Routine sales/service, production, technical, operative and agricultural occupations
8	Never worked and long-term unemployed	Never worked, long-term unemployed and students

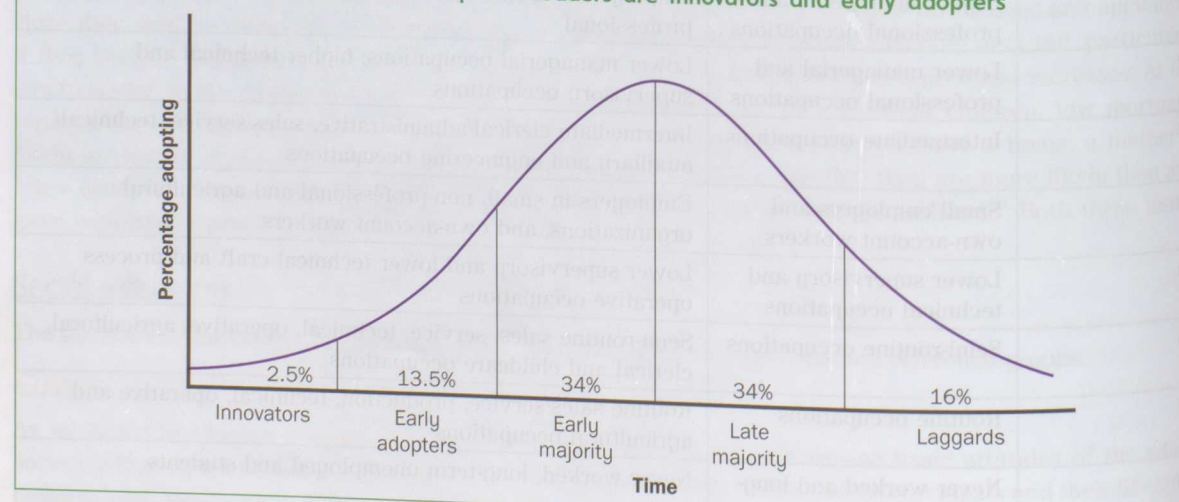
Reference groups

A group of people that influences an individual's attitude or behaviour is called a **reference group**. Where a product is conspicuous (for example, clothing or cars) the brand or model chosen may have been strongly influenced by what buyers perceive as acceptable to their reference group; this may consist of the family, a group of friends or work colleagues. Some reference groups may be formal (e.g. members of a club or society), while others may be informal (friends with similar interests). Reference groups influence their members in a number of ways, such as providing peers with information about products, by influencing peers to buy products and by individual members choosing certain products because they feel that this will enhance their image within the group. The role of reference groups is now more important than ever given that certain groups choose to live a very 'public' life through social networks. Different types of reference groups exist. *Membership* groups are those to which a person already belongs, and can be with friends, club members or classmates. An interesting marketing development has been the growth of brand communities, which are social relationships based around interest in a product (see Chapter 6). *Aspirational* groups are those that a person would like to belong to – for example, people often aspire to the lifestyle of sports stars or celebrities. Finally, *avoidance* groups are those that people choose to distance themselves from because they do not share the values of such a group.

A key role in all reference groups is played by the opinion leader. Opinion leaders are typically socially active and highly interconnected within their groups. They also have access to product information, and influence the behaviour and purchase choices of group members. Given advances in social networking technology, their influence can be highly significant. Therefore, they are the focus of attention from marketers, who aim to identify them and to encourage them to influence their peers through buzz marketing techniques. They are also critical to the adoption of new products, as demonstrated in Figure 3.5.

A related issue is the 'herd mentality' of consumption behaviour. People are social animals and tend to follow the crowd, therefore companies are looking at ways of exploiting this to increase sales. For example, researchers in the USA created an artificial music market in which people downloaded previously unknown songs. What they found was that when consumers could see how many times the tracks had been downloaded, they tended to select the most popular tracks. As a result, many websites now include features like 'other customers have bought' tabs. Similarly, 'smart cart' technology is being pioneered in supermarkets to exploit this herd instinct. Each cart has a scanner that reads products that have been chosen and relays the information to a central computer. When a shopper walks past a shelf of goods, a screen on the shelf can tell her/him how many people in the shop have already selected that particular product. Studies have shown that, if the number is high, he or she is more likely to choose it, so this method can be used to increase sales without offering discounts, for example. In summary, the behaviour of consumers is affected by a variety of factors. There is a range of personal influences and some social influences that all combine to make up the

Figure 3.5 Diffusion of an innovation. Opinion leaders are innovators and early adopters



nature of the relationships that individuals have with products and services. More recently, influencer marketing has become an important factor affecting consumers' purchasing intentions. This is the focus of the following section.

Influencer marketing

Influencer marketing involves using individuals that have social media influence to reach consumers. It harnesses the growing impact of digital technologies to influence consumers' brand awareness, attitudes and purchase intentions.

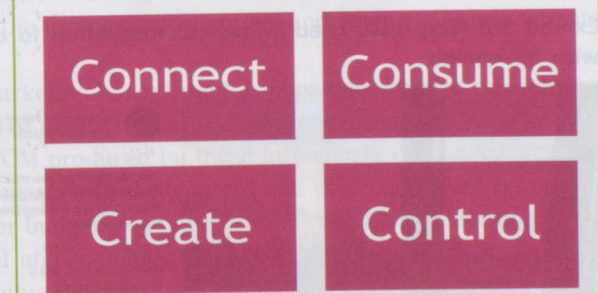
The impact of digital technologies

The internet has become a major transformational force in consumers' lives. With 55 per cent internet penetration worldwide in 2018 and a whopping 4.021 billion internet users and 3.196 billion active social media users across the world, it has become indispensable to consumers in the context of their everyday lives.⁵² Digital technology has allowed for greater customization of products, services and promotional messages. It has enabled marketers to adapt elements of their marketing mix to consumers' needs more quickly and efficiently, and has allowed marketers to build and maintain relationships with consumers on a much larger scale. It has also allowed for the collection and analysis of increasingly complex data about consumers, their buying patterns and personal characteristics, which can then be used to target smaller and increasingly more focused groups of consumers (see Chapter 4). Finally, digital technologies have enabled consumers to engage in increasing amounts of consumption online, e.g. browsing, shopping, reading and writing online reviews, searching for information, evaluating alternatives and consuming media.

The digital consumer

As digital consumers we use social media to connect with others, to consume content others have created (e.g. music, videos, games, reviews), to create our own content (e.g. posting updates, pictures, videos, reviews) and to control the information and image we project to others (see Figure 3.6).⁵³ Therefore digital technologies, and social media in particular, have revolutionized consumer behaviour and have led to the emergence of a new type of consumer, the digital consumer, who actively likes to 'search, surf and share' online.

Figure 3.6 The digital consumer



The growth of social media influencers

As TV viewership continues to decline and traditional channels like TV and display ads are becoming increasingly less effective, brands have had to alter their approach to marketing and leverage the power of social media. One way in which they can achieve this is through the use of influencer marketing.⁵⁴

Influencer marketing involves the use of social media influencers to drive a brand's message to reach target segments. A social influencer is simply a person who can influence other people. In the beginning, many influencers were celebrities; however, nowadays influencers can be ordinary people who may be admired by others or viewed as trendsetters, and who have the potential to influence their family, friends and followers. Companies invite and pay these influencers, who have thousands or even millions of followers, to act as brand ambassadors and help spread conversations about their brand online. These influencers can be fitness gurus, gaming addicts, beauty bloggers, fashionistas, social media stars or others. They typically use a variety of social media platforms, such as Facebook, Twitter, Instagram and YouTube to publicize product information and the latest promotions to their online followers. Collectively, these social media influencers are referred to as social media stars, brand influencers and digital influencers, and terms like YouTubers, Instagrammers, Viners, Snapchatters, vloggers and bloggers are used to describe platform-specific users.⁵⁵

Impact

A strength of influencer marketing is that it allows brands to partner with creators that develop content perceived to be authentic and relatable to their audience. Usually, their audience has come to know them over a period of time, and has seen their reviews of a range of different products and services. When an influencer voices their opinion and integrates a brand into their feed, it connects with their audience in a much more powerful way than simply getting a video view or an ad impression.⁵⁶ Through marketing and advertising with top social media influencers, the relationships and relevancy these influencers have with their followers ensures that audiences will not only see the brand an influencer is promoting, but will also be more likely to act, prompted by the influencer's recommendation and endorsement.⁵⁷

Influencers are often perceived by consumers to be more credible, trustworthy and knowledgeable compared to celebrity endorsers, due to their amicability and their ability to build a rapport with consumers. They have become a particularly important information source for businesses targeting a young demographic.⁵⁸ According to a recent Nielsen report, influencer marketing yields returns on investment (ROI) 11 times higher than digital marketing. The report highlights that, although celebrity endorsement is instrumental in raising brand awareness among consumers, social media influencers play a highly significant role in driving product engagement and brand loyalty as they are more capable of communicating to a niche segment.⁵⁹

Research from *Forbes* magazine further supports the positive impact of influencers, stating that 92 per cent of consumers trust influencers more than an advertisement or traditional celebrity endorsement.⁶⁰ In addition, recent research has found that social media influencers have even greater impact on consumer brand awareness and purchase considerations than was thought, as 21 per cent of consumers across the USA and Europe said they had purchased a product or service based on a social influencer post. This research also showed that images and video content are the most preferred types of influencer content, with Facebook, Instagram and YouTube the most favoured platforms for following influencers.⁶¹ In order to assess the effectiveness of influencer marketing, reach, impressions, click-through rates, engagement and ROI metrics of the influencer can be tracked. In addition, marketers can also use influencer market-

Exhibit 3.8 Nespresso used influencer marketing to connect with millennials.



Challenges

As more and more companies and brands harness the power of influencer marketing, questions about its effectiveness arise. One concern is the cost associated with its use. Influencer marketing can be expensive as companies pay influencers to promote their brand on social media. The cost of using influencer marketing varies from influencer to influencer and may be affected by the social media platforms used, the influencer's following, the level of engagement required, the product in question, the extent of the campaign and whether the influencer is being engaged with directly or through a talent agency.⁶⁴

Recent research by Emarketer has found that companies are paying the most for celebrity influencer posts, especially on certain social media platforms. It found that, on average, posts by celebrities with at least 1 million followers cost nearly £65,000 each, with Facebook posts demanding a leading rate of approximately £75,000. In certain industries, the costs were even higher, with some premium fashion brands, for example, paying celebrity influencers more than £160,000 per post. When it came to so-called micro-influencers (those with 10,000 or fewer followers), prices averaged at close to £1,350 per post, with YouTube and Facebook commanding the highest prices.⁶⁵

Another challenge is that many influencers are becoming commercial and money-driven, and this may mean that they may be less committed to some of the brands they recommend, focusing more on the money to be made. Influencers are also competing to work with brands, and this increased competition between influencers may diminish their connection with their audience. An additional problem is that some brands overuse social media influencers by choosing many influencers for a campaign, some of whom may be irrelevant for the brand and the target audience.⁶⁶ When choosing an influencer, a brand must ensure that they are aligned with the brand's overall content strategy and brand image. The influencer should be connecting with a relevant audience and should be a good fit to the brand.⁶⁷

One of the biggest challenges facing the future of influencer marketing is the lack of regulation around its use. In some countries, there is no consumer protection legislation governing the advertising sector and no specific reference to blogging or social media influencers in general consumer law.⁶⁸ In those countries where consumer protection legislation is in place to regulate influencer marketing, there is an onus on influencers to state if they are being paid to promote a brand. These influencers must clearly use tags like #ad on paid-for posts to show that paid-for product promotion is involved. Action can be taken against those influencers who fail to do so. For example, the Advertising Standards Authority (ASA) in the UK has upheld a number of complaints against brands that have failed to provide sufficient clarity in publicising their commercial relationships with bloggers, vloggers and other social media influencers.⁶⁹ Consumers have also become increasingly sceptical of some influencers as awareness increases of the heavily curated, edited and photoshopped images some of them post. This scepticism was further exacerbated when two Instagram accounts called @Bullshitcallerouter and @Bloggersunveiled debuted in early 2018, exposing the use of photoshopping and cosmetic enhancements by some Irish influencers.

Despite these challenges, the future of influencer marketing looks bright. Companies are now recognizing that influencers are masters at e-WOM (electronic word-of-mouth). They can take on the role of forming consumers' opinions on products and services, and the e-WOM produced by these influencers can be substantial. By building influencer marketing and e-WOM into their marketing strategies, it can give companies an opportunity for open dialogue and information flow. Influencer budgets continue to rise, creators are learning more about how to integrate brands in a more sophisticated and authentic way, and the industry as a whole is attempting to adopt best practices to drive even more value for everybody involved.⁷⁰ We will now turn to the factors that influence the buying behaviour of organizations.

Influences on organizational buying behaviour

Organizational buying is characterized by a number of unique features. Typically, the number of customers is small and order sizes large. For example, in Australia just two companies, Coles and Woolworths, account for more than 70 per cent of all products sold in supermarkets, so getting or losing an account with these resellers can be crucial. Organizational purchases are often complex and risky, with several parties having input into the purchasing decision, as would be the case with a major information technology (IT) investment. The demand for many organizational goods is derived from the demand for consumer goods, which means that small changes in consumer demand can have an important impact on the demand for industrial goods. For example, the decline in the sale of DVDs has had a knock-on effect on the demand for DVD component parts. When large organizational customers struggle, this impacts on their suppliers. Most major car manufacturers, such as Ford, General Motors, Daimler Chrysler and Volkswagen, have demanded significant price cuts from their suppliers in recent years. However, at the same time suppliers have faced rising steel and raw material costs, which has affected profitability and forced some out of business.⁷¹ On the other hand, some suppliers, like Intel, have done an exceptional job of building their brands and creating an awareness of the presence of their products in the offerings of other companies. Organizational buying is also characterized by the

prevalence of negotiations between buyers and sellers; and in some cases reciprocal buying may take place where, for example, in negotiating to buy computers a company like Volvo might persuade a supplier to buy a fleet of company cars.

Figure 3.7 shows the three factors that influence organizational buying behaviour and the choice criteria that are used: the buy class, the product type and the importance of purchase.⁷²

The buy class

Organizational purchases may be distinguished as either a **new task**, a **straight re-buy** or a **modified re-buy**.⁷³ A new task occurs when the need for the product has not arisen previously so that there is little or no relevant experience in the company, and a great deal of information is required. A straight re-buy occurs where an organization buys previously purchased items from suppliers already judged acceptable. Routine purchasing procedures are set up to facilitate straight re-buys. The modified re-buy lies between the two extremes. A regular requirement for the type of product exists, and the buying alternatives are known, but sufficient change (e.g. a delivery problem) has occurred to require some alteration to the normal supply procedure.

The buy classes affect organizational buying in the following ways. First, the membership of the DMU changes. For a straight re-buy possibly only the purchasing officer is involved, whereas for a new buy senior management, engineers, production managers and purchasing officers may be involved. Modified re-buys often involve engineers, production managers and purchasing officers, but not senior management, except when the purchase is critical to the company. Second, the decision-making process may be much longer as the buy class changes from a straight re-buy to a modified re-buy and to a new task. Third, in terms of influencing DMU members, they are likely to be much more receptive to new task and modified re-buy situations than straight re-buys. In the latter case, the purchasing manager has already solved the purchasing problem and has other problems to deal with.

The first implication of this buy class analysis is that there are big gains to be made if a company can enter the new task at the start of the decision-making process. By providing information and helping with any technical problems that can arise, the company may be able to create goodwill and 'creeping commitment', which secures the order when the final decision is made. The second implication is that, since the decision process is likely to be long and many people are involved in the new task, supplier companies need to invest heavily in sales personnel for a considerable period of time. Some firms employ 'missionary' sales teams, comprising their best salespeople, to help secure big new-task orders.

The product type

Products can be classified according to four types: materials, components, plant and equipment, and maintenance, repair and operation (MRO):

- 1 materials – to be used in the production process, e.g. aluminium
- 2 components – to be incorporated in the finished product, e.g. headlights
- 3 plant and equipment – for example, earth-moving equipment
- 4 products and services for MRO – for example, spanners, welding equipment and lubricants.

This classification is based on a customer perspective – how the product is used – and may be employed to identify differences in organizational buyer behaviour. First, the people who take part in the decision-making process tend to change according to product type. For example, senior management tend to get involved in the

Figure 3.7 Influences on organizational purchasing behaviour



purchase of plant and equipment or, occasionally, when new materials are purchased if the change is of fundamental importance to company operations, e.g. if a move from aluminium to plastic is being considered. Rarely do they involve themselves in component or MRO supply. Similarly, design engineers tend to be involved in buying components and materials, but not normally MRO and plant equipment. Second, the decision-making process tends to be slower and more complex as product type moves along the following continuum:

MRO → components → materials → plant and equipment

The importance of purchase

A purchase is likely to be perceived as being important to the buying organization when it involves large sums of money, when the cost of making the wrong decision – for example, in terms of production downtime – is high and when there is considerable uncertainty about the outcome of alternative offerings. In such situations, many people at different organizational levels are likely to be involved in the decision and the process will be long, with extensive search for and analysis of information. Thus extensive marketing effort is likely to be required, but great opportunities present themselves to sales teams who work with buying organizations to convince them that their offering has the best pay-off; this may involve acceptance trials (e.g. private diesel manufacturers supply railway companies with prototypes for testing), engineering support and testimonials from other users. Additionally, guarantees of delivery dates and after-sales service may be necessary when buyer uncertainty regarding these factors is pronounced.

Features of organizational purchasing practice

Within the purchasing function, a number of trends have occurred that have marketing implications for supplier firms. The relentless drive for efficiency by businesses has been one of the key factors behind the growth of just-in-time purchasing, online purchasing and centralized purchasing. At the same time, these developments have often strengthened relationships between buyers and their suppliers, and we have seen a significant growth in relationship marketing and reverse marketing.

The **just-in-time (JIT)** concept aims to minimize stocks by organizing a supply system that provides materials and components as they are required. The total effects of JIT can be enormous. Purchasing inventory and inspection costs can be reduced, product design can be improved, delivery streamlined, production downtime reduced and the quality of the finished item enhanced. Very close co-operation is required between a manufacturer and its suppliers. An example of a company that employs a JIT system is the Nissan car assembly plant in Sunderland in the UK. Nissan adopts what it terms 'synchronous supply': parts are delivered only minutes before they are needed. For example, carpets are delivered by Sommer Allibert, a French supplier, from its facility close to the Nissan assembly line in sequence for fitting to the correct model. Only 42 minutes elapse between the carpet being ordered and its being fitted to the car. This system also carries risks, however: the 2011 earthquake in Japan caused delays to the introduction of two new Toyota Prius models, and impacted on production in other global companies such as Caterpillar and General Motors.

The growth in the use of the internet has given rise to the development of online purchasing. Two main categories of marketplaces, or exchanges, have been created: **vertical electronic marketplaces** are industry specific, such as sites for the automotive and healthcare industries (e.g. www.covisint.com); **horizontal electronic marketplaces** cross industry boundaries and cater for supplies such as MROs (e.g. www.dgmarket.com) and services (www.upwork.com). Companies seeking supplies post their offers on these websites. Potential vendors then bid for the contracts electronically. Some companies report significant improvements in efficiency from managing their purchasing this way, through reducing the number of procurement staff involved in processing orders and increasing the potential global spread of vendors. This heightened competition presents challenges for suppliers. Social media platforms such as Facebook and LinkedIn have become a popular mechanism for firms to source employees and suppliers.

Where several operating units within a company have common requirements, and where there is an opportunity to strengthen a negotiating position by bulk buying, centralized purchasing is an attractive option. Centralization encourages purchasing specialists to concentrate their energies on a small group of products, thus enabling them to develop an extensive knowledge of cost factors and the operation of suppliers.⁷⁴

For example, increasing concerns over the costs of healthcare have meant that many hospitals have centralized purchasing in procurement departments rather than devolving the activity to doctors and nurses as had been the case in the past. As a result, many contracts are put out to tender, often on a pan-European basis, with vendors selected on the basis of quality, cost and ability to deliver over a number of years. The net effect of this is that orders are much more difficult to secure but, once secured, are likely to be more long lasting. At the same time, organizational buying has become increasingly characterized by very close relationships between buyers and sellers. **Relationship marketing** is the process of creating, developing and enhancing relationships with customers and other stakeholders (see Marketing in Action 3.3). For example, Marks & Spencer has trading relationships with suppliers that stretch back almost a century. Such long-term relationships can have significant advantages for both buyer and seller. Risk is reduced for buyers as they get to know people in the supplier organization and know who to contact when problems arise. Communication is thus improved, and joint problem solving and design management can take place, with suppliers becoming, in effect, strategic



Marketing in Action 3.3 General Electric

Critical Thinking: Below is a review of some of the innovative marketing conducted by General Electric (GE), which is a leader in social media. Read it and consider how social media marketing could be used by other business-to-business firms.

Social media marketing might initially appear to be the sole preserve of the business-to-consumer (B2C) marketer. However, according to a 2018 research study into B2B social media marketing by Omobono, not only can business-to-business (B2B) marketers benefit from social media, but it could be their most effective marketing channel of all. General Electric (GE) is one of the most exciting B2B companies and was an early mover on social media. GE are not necessarily going for direct sales via social media as their sales efforts take place elsewhere. Social media is used by the company to remain top of mind and to dust off this company founded back in the nineteenth century.

GE has been using Instagram to highlight its most important technological advancements, and in 2016, with the help of BBDO New York, the company created buzz by creating Invention Donkey, a character that 'hijacked' GE's Twitter account for the day, providing custom video tweets to those with questions about GE's latest technology. Previously, GE has used Instagram to give enthusiasts a behind-the-scenes look at what is happening at the company, even giving top Instagram influencers – the best way to get bonus marketing and PR – as well as a handful of super fans a chance to tour a GE aviation facility in Ohio, where the most advanced jet engines in the world are tested. Both influencers and fans shared their experiences via the widespread platform Instagram offered, while GE took a social media time travel throughout the company's 120-year history, posting a range of material, from archive photos from the 1939 World's Fair to today's awe-inspiring technological advances. GE gained more than 3,000 new followers thanks to more than 200,000 social media interactions and 3.5 million views.

GE has been nominated for, and has won, numerous awards, such as Best Brand on Vine, Best Fortune 500 Brand on Social Media, Twitter and Instagram categories. GE's much lauded approach was to humanize its brand, educate its followers and of course post stunning visuals of its technology in action. According to Linda Boff, GE chief marketing officer, 'Social started because we wanted to be having conversations with people: consumers, employees, investors, and anybody else that shares our passions. We try hard to focus on where we have the greatest opportunity to tell our story in a rich, accessible way.'

Based on: Chaffey, 2018;⁷⁵ Shahari, 2017;⁷⁶ Anonymous, 2018;⁷⁷ Meistrell, 2016⁷⁸

partners. Sellers gain through closer knowledge of buyer requirements, and many companies have reorganized their sales forces to reflect the importance of managing customer relationships effectively – a process known as key account management. New product development can benefit from such close relationships. The development of machine-washable lamb's wool fabrics and easy-to-iron cotton shirts came about because of Marks & Spencer's close relationship with UK manufacturers.⁷⁹ The issue of relationship marketing will be dealt with in more detail in Chapter 7.

The traditional view of marketing is that supplier firms will actively seek out the requirements of customers and attempt to meet those needs better than the competition. However, purchasing is now taking on a more proactive, aggressive stance in acquiring the products and services needed to compete. This process, whereby the buyer attempts to persuade the supplier to provide exactly what the organization wants, is called **reverse marketing**.⁸⁰ Syngenta, an international supplier of chemicals, uses reverse marketing very effectively to target suppliers with a customized list of requirements concerning delivery times, delivery success rates and how often sales visits should occur. The growth of reverse marketing presents two key benefits to suppliers who are willing to listen to the buyer's proposition and carefully consider its merits: first, it provides the opportunity to develop a stronger and longer-lasting relationship with the customer; second, it could be a source of new product opportunities that may be developed to a broader customer base later on.

Finally in B2B contexts, a firm may not actually make a purchase but rather it simply leases a product. A lease is a contract by which the owner of an asset (e.g. a car) grants the right to use the asset for a period of time to another party in exchange for the payment of rent.⁸¹ The benefits to the customer are that a leasing arrangement avoids the need to pay the cash purchase price of the product or service, is a hedge against fast product obsolescence, may have tax advantages, avoids the problem of equipment disposal and, with certain types of leasing contract, avoids some maintenance costs. These benefits need to be weighed against the costs of leasing, which may be higher than outright buying.

Summary

This chapter has examined the nature of customer behaviour and the key influences on customer behaviour. The following key issues were addressed.

1. The differences between consumer and organizational buying behaviour. In the latter, the buying decision process involves more stages, the input of more parties and greater levels of negotiation. Technical and economic choice criteria tend to play a greater role in organizational buying.
2. Who buys – the five roles in the buying decision-making process: initiator, influencer, decider, buyer and user. Different people may play different roles, particularly in a family purchase and, for marketers, identifying the decider is critical.
3. There are two main theories of consumer behaviour: the information processing approach, which sees consumption as a rational, utilitarian process, and consumer culture theory, which sees consumption as a social activity rooted in contexts.
4. The buying decision process, involving the stages of need recognition, search for alternatives, evaluation of alternatives, purchase and post-purchase evaluation. In the case of high-involvement purchases, consumers will typically go through all these stages, whereas in a low-involvement situation, they may move directly from need recognition to purchase.
5. The main choice criteria used in making purchase decisions – namely, technical, economic, social and personal criteria. In consumer buyer behaviour, social and personal criteria are very important as consumers build their identities through product and service selection.
6. The main influences on consumer buying behaviour: personal influences and social influences. At any given time, there are myriad factors that may influence a consumer's purchase decision. Deeply embedded emotional elements such as conditioning, learning, attitudes and personality are key drivers of consumption decisions.

(continued)

7. The impact of influencers on consumer purchase decisions. Influencer marketing involves using individuals that have social media influence to reach consumers. It harnesses the growing impact of digital technologies to influence consumers' brand awareness, attitudes and purchase intentions.
8. The main influences on organizational buying behaviour: the buy class, the product type and the importance of purchase. For example, a major investment in plant and equipment that is critical to the organization and is a new task purchase will necessitate the involvement of many parties in the organization and will take time before a decision is made.
9. The key features of organizational purchasing practice: just-in-time purchasing, online purchasing, centralized purchasing, relationship marketing, reverse marketing and leasing. Organizational purchasing at one level presents opportunities for reverse marketing and relationship building with suppliers, but at a different level is driven by efficiency concerns that are managed through centralized and online purchasing.

Study questions

1. What are the differences between organizational buying behaviour and consumer buying behaviour?
2. Choose a recent purchase that included not only yourself but also other people in making the decision. What role(s) did you play in the buying centre? What roles did these other people play and how did they influence your choice?
3. Compare and contrast the information processing approach and the consumer culture approach to our understanding of how consumers behave in the ways that they do.
4. Review the choice criteria influencing some recent purchases, such as a hairstyle, a meal, etc.
5. Describe the recent trends in just-in-time purchasing, online purchasing and centralized purchasing. Discuss the implications of these trends for marketers in vendor firms.
6. Outline the benefits and challenges associated with using influencer marketing. Highlight some of the main social media influencers relevant to your market, age group and interests. Assess the extent to which these influencers have affected your awareness of brands, attitudes towards brands and your purchase intentions.

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Case 3

#BrandHate



‘Does our brand suck?’ This is not a question that is often raised in marketing or board meetings. However, a quick search on Google may reveal what some consumers *really* think and feel about the company’s brand. Customers who have been waiting to talk to a call centre operator, only to be shifted to another operator or a computerized robotic-voice menu system are left annoyed and frustrated. Potential customers who have been given the cold shoulder in a high-end boutique experience feelings of anger and contempt. These dissatisfied consumers frequently harbour strong feelings and thoughts about revenge, and – depending on the severity of the ‘offence’ – some even go as far as to act on them.

Call out culture

The empowered consumer is not afraid to call brands to account. Euromonitor International identified *call out culture* in its Top 10 Global Consumer Trends for 2018. Consumers are increasingly taking a stand, and negative opinions and experiences are likely to

be shared, facilitated by near instantaneous online communication and the widespread use of social media. It has never been easier for consumers to take on global brands, with potentially damaging consequences for brand image and the bottom line. In a US survey, nearly half of people have used social media to complain about a business. And this matters. Who hasn’t read an online review when buying a book, consumer electronics contraption, or before booking a hotel or restaurant?

TripAdvisor is the world’s largest travel site, which allows users to upload hotel and restaurant reviews. Although some hospitality brands, such as Four Seasons Hotel London at Park Lane, enjoy a maximum five-star rating, it is apparent that many other luxury hotels do not always meet the expectations of the discerning traveller. Another review site is Trustpilot, which gives customers an amplified voice to provide feedback on their online experience. For example, Ryanair.com has a Trust Score of 1.5/5 based on 2,525 reviews. Reviews of headlines posted, such as ‘Rip off’, ‘Worst budget airline’,

'Never again this **** company' and 'Worst company in the world', certainly do not paint an ideal picture of the low-cost airline. It is the collective experiences – positive and negative – of other genuine consumers that provide the consumer with information that enables them to decide whether to select one brand over another.

Brand hate

Consumers are often left emotionally outraged, fuming or angry by company failures, and they want their feelings to be known by as many people as possible. They want to hurt the organization guilty of ruining their experience. These extremely disgruntled customers, who want to let off steam, make their suffering public, harm the brand reputation and thus get revenge, can also turn to brand-specific websites such as ihateryanair.co.uk to share their grievances. In acute cases, this can result in consumers' attitudes being permanently changed to an enduring hatred of the brand, and some of these individuals become – and remain – vocal about it. Former customers who have felt extreme negative emotions about a company's brand might therefore develop a strong and persistent negative attitude about the company and its brands in general. This attitude risks contagion to other potential consumers via ferocious negative feedback online and offline.

Belief-driven buyers

This is, however, just the tip of the iceberg. Brand scandals increasingly seem to be an omnipresent phenomenon as the string of high-profile corporate scandals continues to dominate the media space.

The arrest of two African-American men in a Philadelphia Starbucks in April 2018 had put the coffee chain on the defensive. Although Starbucks' CEO had apologized following accusations of racial profiling by the company, the company was not let off the hook. #DeleteStarbucks continue to trend on social media and the brand saw a 21-point decrease in its 'Buzz score', a reputational tracker.

In addition, consumers are more willing than ever to 'punish' companies. A 2017 Edelman Earned Brand survey of 14,000 people in 14 countries found that 57 per cent of consumers will buy or boycott a brand solely because of its position on a social or political issue. These so-called *belief-driven buyers* were dominant among the millennial generational segment, and most active in developing countries such as China and India.

#Activism

'Hashtag activism' is a clear illustration of consumers using social media such as Twitter not only to raise awareness of underlying issues but to exert pressure on corporations to change business practices. These are not so-called 'extremists', but regular consumers. In other words, anti-brand sentiment is no longer an exception, but has evolved into mainstream experience. For example, #BoycottUnited was rapidly adopted when a United Airlines passenger was filmed by another passenger being brusquely and forcibly removed from an overbooked aircraft.

Conversations about United Airlines quickly dominated social media and #BoycottUnited, #BoycottUnitedAirlines and #NeverAgainFlyUnited were just some of the many hashtags that came to characterize the desire of many customers to punish the brand. The majority of these people were not directly involved in the service failure. It ignited a media firestorm, which continued in the public domain via popular network US talkshow hosts, who were quick to cruelly mock the airline. Additionally, nearly US\$1 billion was temporarily wiped off the company's market value. The incident had even attracted the attention of US policy-makers and the company's chief executive officer, Oscar Munoz, was convoked to, and harshly scolded at, a four-hour congressional hearing.

The hashtag #DeleteFacebook is another manifest example of consumers attacking a company in the light of allegations that the personal data of about 50 million Facebook users, including CEO Mark Zuckerberg's own personal data, had been harvested and shared with third parties, which included Donald Trump's presidential campaign managers. A total of 177,000 people have already signed a Change.org petition asking Facebook to provide drastically better protection of their data. Facebook is a case where its CEO is a well-known personality who has already attracted extreme negative attitudes (e.g. #Zucked, #ZuckedOver) towards himself and his corporate creation. Once again, US Congress convoked a CEO for a grueling examination of corporate ethical, and potentially legal, failures. The Facebook privacy crisis just might have long-lasting repercussions for the company, as well as the entire Big Data sector across the world.

Message amplification

Negative publicity can certainly spread like wildfire: 24/7 news cycles, combined with social media offer a lightning-fast media outlet leviathan. Moreover, the

intervention of key opinion influencers can vastly amplify the anti-brand message. For example, WhatsApp co-founder Brian Acton, and Elon Musk, CEO of Tesla and Space X, endorsed the #DeleteFacebook campaign. Celebrities such as Cher and Will Ferrell have decided to avoid the brand by boycott, and have closed their accounts. Indeed, the use of celebrities to promote numerous boycott campaigns has a long history. For example, former *Baywatch* actress and model, Pamela Anderson, has been an ambassador for animal rights group PETA for more than 20 years and has campaigned against a series of companies, including KFC and SeaWorld.

Moral agenda

Consumers may boycott a brand because of its perceived disrespect for human rights, the natural environment or involvement in unethical business practices. However, it seems that consumers are becoming more concerned beyond the traditional realms of corporate social responsibility. For example, the #GrabYourWallet campaign encourages consumers to boycott brands associated with presidential politics: the Trump family itself.

The politicization of many issues has indeed forced companies to take a political position. In a US survey, two-thirds of consumers say it is important for brands to take public stands on social and political issues. Kellogg's, BMW, Visa and Lufthansa are among a number of companies that took the decision to withdraw advertising from the news and opinion website Breitbart.com, which is widely perceived to be an outlet for the alt-right political movement. In a similar vein, brands such as United Airlines, Delta Air Lines and Hertz terminated ties with the National Rifle Association (NRA) following the Florida shooting incident in February 2018. Consumers are ready and willing to punish companies for perceived moral shortcomings.

Reputational crisis

Brands have never been under such intense scrutiny. The implications of this evolution may have a major impact on the bottom line. The reputational crisis that engulfed Facebook (#DeleteFacebook) resulted into a loss of nearly US\$50 billion in market value in two days following revelations of data breach allegations. It is likely that Facebook will be able to ride out the storm, but consumers are less willing to forgive companies that fall short, and governments are becoming less likely to ignore big business's perceived ethical failures.

Loss of trust and a damaged reputation after the perceived brand failure of many high-profile brands might be felt for many years. The long-established US bank Wells Fargo created as many as 2 million fake bank and credit card accounts between 2011 and 2015. A subsequent survey of bank customers found that negative perceptions of Wells Fargo had increased from 15 per cent to 52 per cent, while 30 per cent of Wells Fargo customers surveyed claim they are actively exploring leaving the bank and 14 per cent say they have already decided to switch banks. More than half of non-Wells Fargo customers say they are not likely to join the bank. This is without doubt a shot across the bow for all companies steering into dangerous ethical waters.

Brand redemption

No company or organization is immune from consumers taking direct action as a result of reputational loss. A recent example is the NGO Oxfam, which lost 7,000 regular donors after it was revealed that the aid agency's staff had sexually exploited victims of the Haiti earthquake in 2010.

Organizations such as Oxfam, Facebook, Starbucks, United Airlines and Wells Fargo obviously need to restore their reputations if they are to win back the trust and loyalty of consumers – past, present and future. However, this is no straightforward task. As with companies accused of 'greenwashing', consumers can easily detect a 'public relations redemption' campaign that simulates the impression of a company's efforts at brand image salvation.

Although many brands may polarize, it doesn't mean that they have to 'suck'. Brand managers need to be aware of what can be done to avoid or dissipate #BrandHate.

Questions

1. Conduct a search on the internet, including anti-brand sites, in order to identify the potential causes and consequences of brand hate.
2. Using the consumer decision-making process, discuss how and why consumers reject brands.
3. What advice would you give to brand managers whose brands have become victims of brand hate?

This case was prepared by Glyn Atwal, Burgundy School of Business, and Douglas Bryson, Rennes School of Business, from various published sources as a basis for class discussion rather than to show effective or ineffective management.