



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

Influences on organizational buying behaviour

Learning outcomes

By the end of this chapter you will understand:

- 1** the dimensions of customer behaviour, who buys, how they buy and the choice criteria used
- 2** the role of rational versus emotional criteria in purchase decisions
- 3** the differences between consumer and organizational buyer behaviour
- 4** the main influences on consumer behaviour – personal and social influences
- 5** the main influences on organizational buying behaviour – the buy class, product type and purchase importance
- 6** the marketing implications of the various dimensions of consumer behaviour.



MARKETING SPOTLIGHT

Habbo

One of the most fascinating dimensions of the rise of the Internet has been the growth in popularity of virtual worlds which are essentially interactive, usually three-dimensional (3D) environments where users create objects, communicate with each other and play games. At their simplest, virtual worlds take the form of chat rooms or forums where interactions between visitors are simply text based, but with improved functionality many now allow users to represent themselves graphically using 3D multi-sensory avatars visible to others. As



such, these virtual worlds can depict a real world with all of its rules, actions and communications or fantasy worlds limited only by the imagination. *Second Life*, founded in 1999, was one of the earliest entrants into this space and other leaders include *World of Warcraft* – the multiplayer online game developed by Blizzard Inc, Sony’s *PlayStation Home* and *The Sims 3* which is currently available to play on smartphones. The attraction of a virtual world is that it is a social community of like-minded people offering users the opportunity to share passions and experiences and to meet new people.

Habbo, originally known as Habbo Hotel, is owned by the Finnish company, Sulake Corporation. It originally started out in 1999 as a chat room called Mobile Discos for a Finnish band before emerging as a virtual hotel called Finnish Hotelli Kultakala in 2000 which was renamed Habbo Hotel in early 2001. Users can decorate their ‘hotel rooms’, hang out in public spaces, participate in virtual events and trade in virtual gifts. Its growth has been phenomenal and it is the largest virtual community for teenagers (over 90 per cent of its users are aged between 13 and 18) with over 170 million users spread across 31 countries. Some of its other metrics include 3 million new characters created each month, 120 million user-created rooms and an average user session of 42 minutes.

Unlike *World of Warcraft* whose users are primarily male, Habbo is more popular with teenage girls. Not surprisingly, the size and nature of its audience is of interest to marketers. In 2006, Habbo signed a deal with RealNetworks which gave users a bespoke radio station where they could vote for their favourite bands. Using branded goods to decorate rooms and trading in branded gifts are two other ways in which ‘real’ brands reach this ‘virtual’ audience. For example, *Seventeen* magazine promoted its content by sponsoring a free virtual beauty salon while a partnership with *American Idol* allowed sponsors the opportunity to sign on for event signage and virtual goods in the Habbo universe. Aside from attracting sponsorship, Habbo generates revenues through the sale of credits to users which can be used to buy furniture (or furni!) to decorate rooms or trade with others as well as through the sale of premium services such as Habbo Club and VIP. Its focus on revenue generation is reflected in the fact that it provides users with 150 payment channels in the 31 countries within which it operates. Sulake reported first quarter sales of US\$20 million in 2010 generating a profit of US\$3 million.

The speed with which users are keen to create virtual worlds to sit alongside the real world that we live in raises all sorts of 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. 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.

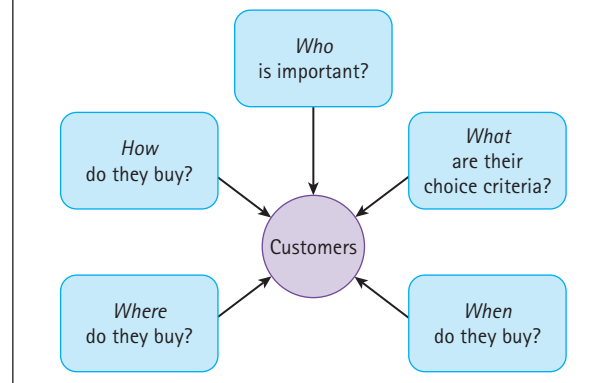
The dimensions of customer behaviour

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 11. 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).

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

Figure 3.1 Understanding customers: the key questions



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

Exhibit 3.1 The Morrisons' 'Disney Magical Moments' TV campaign was banned for targeting children



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, Samsung has sponsored the European Computer Gaming Championships in a bid to build its brand image among young people, who are known to have a significant influence on the purchasing behaviour of adults when it comes to buying technology. While it does not have a very favourable image among over-40s, the company's research has found that positive attitudes towards the Samsung brand have increased by 25 per cent in the 18–29 age group since it changed its marketing focus.³

The role of children in influencing household purchasing is very significant. The expression 'pester power' is often used by advertisers to describe the process by which children subtly influence or more overtly nag their parents into buying a product (see Exhibit 3.1). Young children are very brand aware. Studies show that over 80 per cent of children aged between 3 and 6 recognize the Coca-Cola logo.⁴ The charity Childwise estimated that children in the UK spend £4.2 billion annually, demonstrating the size of the potential market.⁵ It is also estimated that over two-thirds of households buying a new car are influenced in the decision by their children. Therefore Toyota in Australia has very successfully included chickens, puppies and kittens in its advertising.⁶ Overt efforts by firms to target children in their marketing continues to be a significant source of controversy as shown in Ethical Debate 3.1.

The roles played by the different household members vary with the type of product under consideration and the stage of the buying process. For example, men now do a very significant portion of household grocery shopping, while women are increasing 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 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 decision-making unit.

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 have sought to build awareness in the consumer market to reduce the influence of these 'deciders' in the purchasing decision (see Exhibit 3.2).



Ethical Debate 3.1 Marketing to children

Few issues in marketing generate as much heated debate and discussion as the question of marketing to children. To many it represents the ugly and sinister face of capitalism. They see companies as deliberately targeting children in their advertising and communications to encourage them to pester their parents to buy products and services that in many instances they may not be able to afford. In contrast, those in favour argue that children should be exposed to marketing communications as part of their education because we live in a consumer society and children need to understand marketing.

The opponents of marketing to children have highlighted the systematic ways in which firms target younger and younger consumers. Children are carefully researched and firms employ the skills of child psychologists to devise ways to reach inside developing minds and ‘implant’ brand preferences through sponsorship, advertising and product placement. Many of the products that children are encouraged to pester their parents for have negative consequences as illustrated by the dramatic growth in childhood obesity in some countries. To some commentators, the obesity problem and the fact that a firm like McDonald’s is the largest owner and operator of children’s playgrounds in the world is not a coincidence. Other negative consequences identified include the perpetuation of stereotypes (dolls for girls, war games for boys, etc.), the rise of materialism, the economic hardship placed on families during key gift-giving times and the sexualization of young girls (such as when Tesco offered pole dancing kits aimed at young girls on its website).

Consequently, many countries have placed restrictions on advertising to children, most notably Germany, France and the Scandinavian countries who have placed limits on both the type and amount of advertising that is allowed. However, these measures have also come in for criticism. Because of the proliferation of ways in which marketers can reach children such as through programme and video-game sponsorship, marketing in schools and using cross-national television channels, marketing to children is very hard to police fairly. Others have pointed to the fact that some countries have suffered a reduction in the quality of children’s programming when they have banned advertising. And anyway these critics argue that kids need to be exposed to marketing so that they can understand it and make informed decisions.

While it will continue to generate fierce debate, one thing seems certain and it is that firms under more and more competitive pressures will continue to experiment with all sorts of ways of reaching and influencing the next generation of consumers.

Suggested reading: Barber (2007)⁷.

Reflection: In your view, what kinds of restrictions (if any) should be placed on advertising to children?

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)** (Arnould and Thompson 2005),⁸ has

emerged in recent years which views consumption as a much less rational or conscious activity. In it, consumption is seen as a more sociocultural 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 that they choose.

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.⁹ It involves a high degree of information search, as well as close examination of the alternative solutions using

Exhibit 3.2 Advertising by the shower manufacturer Mira has enabled it to build a high level of consumer recognition



Figure 3.2 Types of consumer decisions

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

many choice criteria.¹⁰ It is commonly seen in the purchase of cars, audio equipment, houses and expensive clothing, 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 dif-

ferences 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.

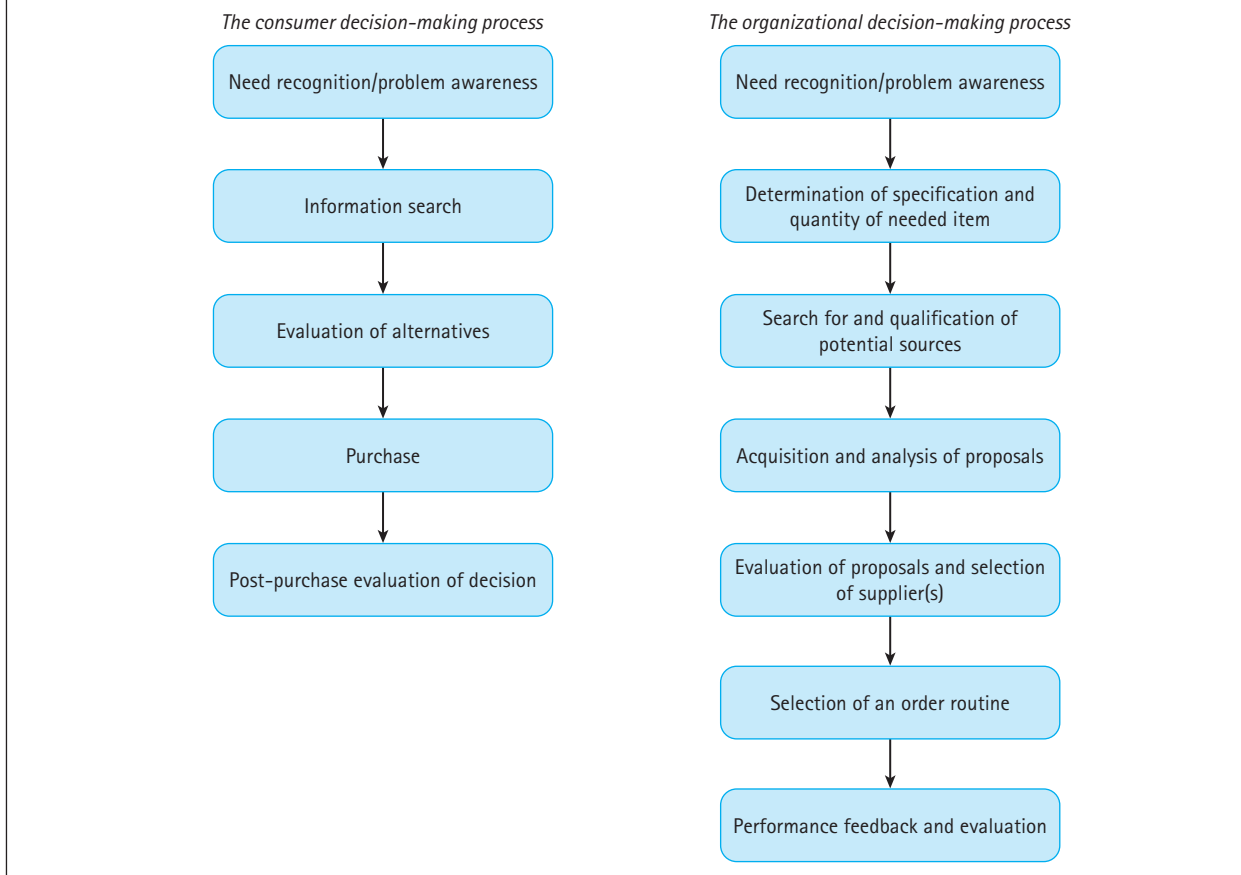
The typical decision-making process for consumers and organizations is shown in Figure 3.3. This diagram shows that buyers typically move through a series of stages, from recognition that a problem exists to an examination of potential alternatives to a purchase and the subsequent evaluation of the purchase. 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.

Need recognition/problem awareness

Need recognition may be functional and occur as a result of routine depletion (e.g. petrol, food) or unpredictably (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 day-dreaming about what an experience may be like. For example, the purchase of Chanel perfume is likely to be motivated by status or experiential needs rather than by any marginal functional superiority over other perfumes (see Exhibit 3.3).

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

Figure 3.3 Buying decision processes: consumer vs organizational



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). 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, eBay has recognized that overcoming the need inhibitor – lack of trust in being sent the product – is important. To overcome this inhibitor, it introduced its PayPal system, which acts as financial insurance against non-receipt of goods and has developed a feedback system that allows buyers to post information on their transactions and their experiences with particular buyers. 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

Exhibit 3.3 The latest Chanel No 5 campaign features the well-known French actress Audrey Tautou



Go to the website to watch the Chanel Coco Mademoiselle advert.

www.mcgraw-hill.co.uk/textbooks/fahy

personal experiences may be sought such as asking for demonstrations, and viewing, touching or tasting the product. A great deal of information searching now takes place on the Internet and one of the significant growth businesses has been intelligent agents – that is, websites such as buy.com and mysimon.com, which allow buyers to find out information about a wide range of products and compare online vendors. Many of these sites also provide product reviews and price comparisons free of charge (see Marketing in Action 3.1). In addition, sites like Amazon.com provide ongoing product and service recommendations for their customers. 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.

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 screen-

ing 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.¹¹ 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 in this chapter.

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.¹² 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.¹³ 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.¹⁴

- 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.

Marketing in Action 3.1 Online information search

Critical Thinking: Below is a review of the ways in which the Internet assists with the information search phase of the buying decision process. Read it and critically evaluate the extent to which consumer behaviour is rational (information processing approach) or emotional (CCT approach).

The Internet is an information medium and, from its inception, has promised to revolutionize consumer buying behaviour. Its impact on the information search stage of the buying process can be seen at three levels, namely, host websites, comparison websites and peer websites.

Host websites are those of product vendors. Most buying decisions are preceded by a visit to a company website to examine the product and read detailed information about it. For service companies, this can be an important way of bringing the experience to life for customers. For example, many hotels now offer web-surfers an opportunity to take a video tour of their facilities so that prospective customers can have an idea of what to expect before booking.

Comparison websites are those that use intelligent agents to speedily search online stores and aggregate results in a form of one-stop shopping. Searches generate product and price information as well as reviews of products and online stores. Some of the global leaders include yahoo.com, kelkoo.co.uk and shopping.com, but there are many others. Specialist comparison websites have also been developed, such as those for the financial services industry (e.g. moneysupermarket.com, comparethemarket.com and confused.com). These

sites compare the cost of loans, mortgages, insurance and the like, and facilitate online purchasing (see Exhibit 3.4).

Finally, peer-to-peer websites play an important role in the information search phase. For example, a site like TripAdvisor.com has had a significant impact on the travel industry. It contains reviews of destinations, airlines, hotels and restaurants written by other consumers, which can be checked in advance of a travel decision. Sites like Ratemyprofessors.com are becoming popular with university students for obvious reasons. For some popular products like the Harry Potter book series, thousands of reviews have been submitted to Amazon.com. Despite the fact that potential purchasers are unlikely to read all these reviews, the mere volume of reviews has been seen to have a positive effect on sales. However, like the reviews that are posted on sites like Amazon and elsewhere, it is important to remember that such sites are open to manipulation, such as consumers being paid to write favourable reviews. Social networks like Facebook and MySpace can also be a source of information on consumption decisions. In short, the biggest challenge facing the modern shopper is sifting through all the product information that is available in advance.

Based on: The Economist (2009);¹⁵ Fenton (2008)¹⁶.

- 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.

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

Exhibit 3.4 The comparethemarket.com meerkat advertising campaign has been very effective in building the comparison website's brand profile



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.¹⁷ Thus it is often associated with high-involvement purchases. Shortly after 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.

Many leading US retailers are aiming to reduce dissonance by posting customer reviews of products and services online. Companies like Target, Home Depot and Macy's have all launched online product reviews. The risks of a negative review are outweighed by the value of obtaining customer feedback and also by providing future customers with a better idea of what to expect (see also Marketing in Action 3.1).¹⁸ Managing expectations is a key part of reducing dissonance.

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 3.1, 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. For example, Qantas Airlines had significant problems with the Rolls-Royce engines in its Airbus A380 planes in 2010 resulting in the grounding of flights while inspections were carried out. Rolls-Royce's quick and effective diagnosis of the problem not only limited any potential damage but also

Table 3.1 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 |

resulted in the company winning further orders from British Airways and Air China.

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, materials and appearance all become 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 the wearer's ability to solicit funds for a charity.¹⁹

Personal criteria concern how the product or service relates to the individual psychologically. Emotions are an important element of customer decision-making (see Exhibit 3.5).

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 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 sales people 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.

Influences on consumer behaviour

The main influences on consumer behaviour are summarized in Figure 3.4. Personal influences describe

Exhibit 3.5 This humorous Volkswagen Passat commercial has been hugely popular, with almost 50 million YouTube views



those drivers that relate to the individual while social influences takes account of the drivers that arise from the contexts in which we live.

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.²⁰ 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.²¹ 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 sub-consciously) and of differentiating their offerings from competitors (see Marketing in Action 3.2).

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.²² 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)²³ and those that provide surprises (for example, substantial price reductions).

When consumers distort the information they receive according to their existing beliefs and attitudes

Marketing in Action 3.2 Wrigley 5 gum

Critical Thinking: The launch of Wrigley 5 gum is reviewed below. Read it and evaluate the techniques used by Wrigley to create a high level of consumer attachment to a product category that would be generally seen as being low-involvement. Also look at 5 gum advertising on YouTube and visit 5gum.com.

Teenagers and young adults in the 12–24 age group are the life blood of the gum category and this group alone accounts for 32 per cent of sales. However, gum consumption among this age group was falling and of more concern for marketers was that teenagers did not express a high affinity for gum brands – certainly nothing close to the passion with which they talked about their iPods, Wiis, clothes or shoes. This presented a challenge for the leading gum manufacturer Wrigley who launched a new brand 5 which set out to challenge the conventions of this low involvement category.

As Wrigley set about developing 5, one of the critical consumer insights was that teenagers are always on the quest for new experiences and that they like telling peers about these experiences as a way of gaining social capital. Wrigley decided to create a gum brand that would be experienced rather than just chewed. Three flavours were launched – Rain, Cobalt and Flare – in sleek black

packaging that was viewed as modern, innovative and mysterious. The television advertising to support the launch featured an explorer who guided the viewer through a sensory experiment to the tagline – Stimulate Your Senses. The brand was also integrated into Guitar Hero 3 and at 5gum.com a multiplayer, rock, paper, scissors online game was created. Through this approach, consumers not only get to smell and taste the gum but also to see, hear and feel it!

The approach was highly successful. 5 reached a 45 per cent level of awareness within nine months of its launch in summer 2007 and was rated by 42 per cent of survey respondents as a cool brand to be seen with compared with an average of 22 per cent for the gum category. It has since become the number three gum brand behind Orbit, the market leader which is also made by Wrigley.

Based on: Advertising Research Foundation (2010);²⁴ Silverstein (2010)²⁵.

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 Gaeth²⁶ 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 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.²⁷ Colour is another important influence on interpretation. 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 so.²⁸ 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 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 repeatedly advertise. 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 (see Exhibit 3.6). **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 the consumer to draw their own conclusions through reasoning, having been presented with some facts or

Exhibit 3.6 The Adidas 'originals' campaign leverages vicarious learning



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 9.

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 is 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. For example, it has been argued that we often make snap judgements that are superior to those that we think a great deal about.²⁹

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 (see Exhibit 3.7).

Exhibit 3.7 This Greenpeace advert shows us the dark side of consumption



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 and 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).³⁰

Beliefs and attitudes

A thought that a person holds about something is known as a 'belief'. Beliefs about oneself, which is known as the **self-concept**, are very important because this drives a significant element of consumption. For example, the viral video from Dove called *Evolution*, which was part of the Real Beauty campaign, has been a significant hit because it shows how perceptions of beauty are distorted in the media (see Exhibit 3.8).

Consumers increasingly use brands to convey their identity by wearing branded clothes or even having brands tattooed on their bodies (see Exhibit 3.9). Marketing people are also very interested in consumer beliefs because these are related to attitudes. In particular,

Exhibit 3.8 Dove's 'Real Beauty' campaign challenges society's concept of beauty



Go to the website to watch an advert from the 'Real Beauty' campaign.

www.mcgraw-hill.co.uk/textbooks/fahy

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 over 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, the marketers of Skoda cars first had to overcome significantly negative attitudes towards the brand before they succeeded in growing its sales levels in the UK market.

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. This large and relatively well-off group 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.³¹ 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.³² The big

five are openness to new experience, novelty seeking etc.; conscientiousness, which is self-control, reliability etc.; agreeableness, which is warmth, friendliness etc.; stability such as emotional stability, and 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 it increases with age. The consumption of high-maintenance products, pets, personal grooming and home fitness equipment are all indicators of high conscientiousness.

This concept – personality – is also relevant to brands (see Marketing in Action 3.3). 'Brand personality' is the characterization of brands as perceived by consumers. Brands may be characterized as 'for young people' (Tommy Hilfiger), '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.

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

Exhibit 3.9 The role of brands in identity formation



Marketing in Action 3.3 The rise, fall and rise again of Tayto

Critical Thinking: The successful revival of the Tayto brand on the Irish market is reviewed below. Read it and critically evaluate the role of brand personalities in building brand loyalty in consumer markets.

Tayto is an iconic Irish brand of potato crisps which was founded in 1954 and became so successful and dominant in the market that it became a generic name for crisps in Ireland. As with many crisps brands, it originally appeared as a salted potato flavour but it was the creation of a cheese and onion variant that catapulted the brand to success. However, the arrival of the leading UK brand, Walkers, using the same marketing approach featuring the famous English soccer star and television personality, Gary Lineker, that had proved so successful in its home country, soon changed all that. Tayto's share of market declined rapidly and the brand was sold by its owner C&C to Largo Foods in 2006 for €62.3 million.

Largo quickly set about trying to re-establish Tayto to its pre-eminent position in Ireland. The centrepiece of the campaign was to focus on Mr Tayto – the brand's core personality. The perfect opportunity arose in 2007 – a year when there was

a general election in Ireland. Mr Tayto ran as a fake election candidate. It provided light relief from the serious business of election campaigning and enabled Mr Tayto to have a public visibility as he canvassed for votes. It also reminded consumers who may have forgotten the brand that Tayto was still there. This was followed in 2008 with a digital campaign, where Mr Tayto began looking for a suitable Mrs Tayto which was a huge publicity success as he was frequently pictured in the media with leading models and celebrities. In 2009, his fictional autobiography – *The Man Inside the Jacket* was published and became an unprecedented success. It sold 60,000 copies and was the number one best-seller for six weeks as well as going on to become the third highest recalled campaign of 2009. This sequence of campaigns focusing on the Tayto personality helped to re-establish the Irish consumers' love of Tayto and also restored it to its position of being the dominant brand in the Irish market.

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

Exhibit 3.10 The IKEA 'Kitchen Party' campaign reflects a young, modern, urban lifestyle



behaviour.³³ 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 3.10). For example, Benecol's range of cholesterol-lowering foods are 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.

A typical example of a niche lifestyle that has grown significantly in recent years is surfing. Originating in the south Pacific, surfing was formerly popular in just some select areas such as Hawaii, California and Australia. In the past decade, its popularity has soared and participation rates around the world have grown dramatically. It is characterized by its own surf culture such as dressing in boardshorts or driving 'woodies', that is, station wagons used to carry boards. Many brands have capitalized on this opportunity, most notably the Australian clothing brand Billabong, and marketers aiming to target surfers can do so through particular magazines, events, television programmes and social networks.

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.³⁴ 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 sub-cultures 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 only have been available in certain countries are now commonplace. For example, speciality cuisines like Japanese sushi, Korean barbeque 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 successes of American fast-food chains and movie production companies represent 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

Exhibit 3.11 Demand growth for luxury brands has been increasing in many Asian markets



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 (see Exhibit 3.11). 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 (for example, many self-employed manual workers can have very high incomes). The National Statistics Socio-economic Classification system (NSSEC) in the UK aims to take account of this situation by identifying eight categories of occupation, as shown in Table 3.2.

Table 3.2 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 |

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.³⁵ An interesting trend in the growing middle-class segment is that consumers are becoming more cost-conscious but are also willing to splash out on luxury items. Brands that have targeted the middle market such as Maxwell House coffee owned by Kraft will be challenged by this development.³⁶

Reference groups

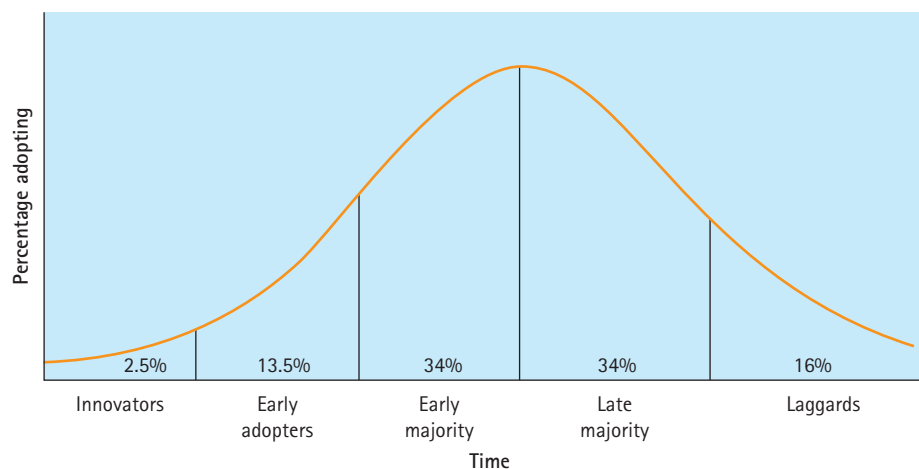
A group of people that influences an individual's attitude or behaviour is called a **reference group**. Where a product is conspicuous (for example, clothing or cars) the brand or model chosen may have been strongly influenced by what buyers perceive as acceptable to their reference group; this may 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 class mates. 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 which a person would like to belong, 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 (see Chapter 10). 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

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



exploit this herd instinct. Each cart has a scanner that reads products that have been chosen and relays it 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.

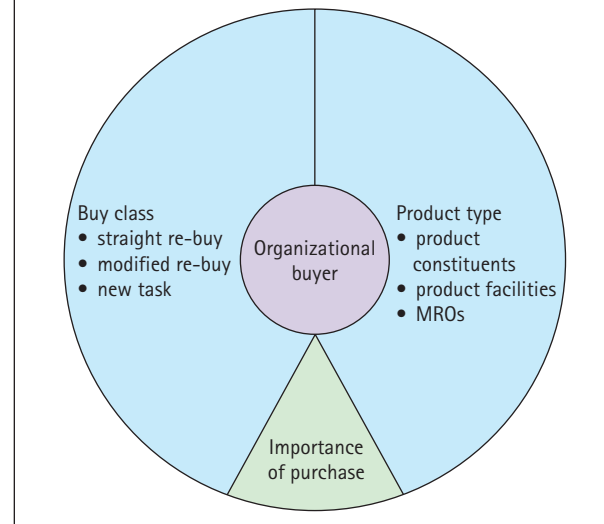
In summary, the behaviour of consumers is affected by a variety of factors. There is a range of personal influences and some social influences that all combine to make up the nature of the relationships that individuals have with products and services. We will now turn to the factors that influence the 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 over 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 VCRs has had a knock-on effect on the demand for VCR 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 all 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.³⁷ 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 3.6 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.³⁸

Figure 3.6 Influences on organizational purchasing behaviour



The buy class

Organizational purchases may be distinguished as either a **new task**, a **straight re-buy** or a **modified re-buy**.³⁹ 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, bulldozers
- 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 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, e.g. 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. For example, 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.



Social Media Marketing 3.1 LinkedIn

Critical Thinking: Below is a review of the rapid growth of the business network, LinkedIn. Read it and consider how business social networking can impact on your own career.

LinkedIn is a business-related social networking website that was launched in 2003 and is mainly used for professional networking. It has grown rapidly and currently claims over 100 million registered users in 200 countries. Members create an online profile which is essentially a brief career résumé and then form connections with people whom they know or have worked with in the past. These lists of connections are then used in a wide variety of ways. For example, employers can list jobs and search for potential candidates. Many LinkedIn users will carry recommendations from former contacts on their profiles to increase their attractiveness to employers or potential business partners and customers. Job seekers can review the profile of hiring managers and discover which of their existing contacts can introduce them. Users can join any of LinkedIn's 500,000 groups to find people who share

similar interests and can also research companies to find out information like the ratio of male/female staff, the location of the company and its offices and lists of present and former staff.

LinkedIn is a highly successful company and when it went public in 2011, its shares tripled with hours of flotation. It generates revenue in a number of different ways including LinkedIn Jobs – a recruiting and hiring service, text and display advertising sales and also subscription services such as Business, Business Plus and Pro accounts that provide extra features including lists of who has searched you or your company. This approach of collecting money from both individuals and companies enabled it to report revenues of US\$243 million and profits of US\$15 million in 2010.

Based on: Kim (2011);⁴⁰ Wall (2011)⁴¹.

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 paper industry (e.g. www.paperexchange.com) or 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.elance.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 amount 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 (see Social Media Marketing 3.1).

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.⁴² For example, increasing concerns over the costs of healthcare has 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. 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 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 wool fabrics and easy-to-iron cotton shirts came about because of Marks & Spencer's close relationship with UK manufacturers.⁴³ 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**.⁴⁴ 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.⁴⁵ 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.



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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. 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.
4. 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.
5. 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.
6. 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.
7. 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. Review your decision to choose the educational establishment you are attending in terms of need recognition, information search, evaluation of alternatives and post-selection evaluation.
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.

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Case 3 Tourism Queensland: 'The Best Job in the World'



On 1 July 2009, Ben Southall from the UK took up his position in what was described as 'The Best Job in the World'. Ben was named Caretaker of the Islands of the Great Barrier Reef. He was paid a generous salary of AU\$150,000 for 6 months' work, with luxury accommodation on Hamilton Island included during his post. 'The Best Job in the World' campaign, launched on 11 January 2009, was created for Tourism Queensland, a government industry body designed to promote Queensland as a tourist destination throughout the world and specifically through this campaign, to raise international awareness of the Islands of the Great Barrier Reef.

Background to the campaign

Despite the fact that the Great Barrier Reef is a world-heritage listed Natural Wonder of the World, the islands of the region are relatively unknown. In fact, approximately two million tourists visit the reef each year, but most are on day trips rather than long-stay holidays. In the years prior to the campaign, international visits to Australia had stagnated (less than

1 per cent growth in 2006). Even with Tourism Australia's much talked about 'Where the bloody hell are you' campaign in 2007, figures only grew by 2 per cent. Queensland's international visitor arrivals were declining (-1 per cent in 2007) mostly due to fewer tourist visits from key international markets (see Table C3.1). Significantly, tourism was directly responsible for 122,000 jobs and indirectly responsible for an additional 100,000 jobs, or 10.3 per cent of Queensland's workforce. The Queensland tourism industry faced a number of difficult challenges. There was a pending State election, and as Tourism Queensland is a government linked agency, this created some uncertainty as to timing and government responses to funding. The global financial crisis was in full swing and taking its toll on tourism, airlines and travel companies around the world. Consumer spending in most markets was reducing and unemployment rising, creating a mood of uncertainty. Therefore, Tourism Queensland turned to agency CumminsNitro to deliver a compelling central idea that would resonate with people across the world, across varying cultures and backgrounds, with a nominal AU\$1.2 million budget (including all production and media).

Table C3.1 Country of origin of Great Barrier Reef visitors

| Market | UK | Europe | USA | Japan | Germany | Other* |
|--------|----|--------|-----|-------|---------|--------|
| % | 29 | 23 | 12 | 11 | 9 | 16 |

*Other includes New Zealand, New Caledonia, Ireland and the Nordic regions, Singapore, Malaysia, India, China, Taiwan and Korea.

Exhibit C3.1 The Tourism Queensland Marketing Communications mix



Objective

To raise awareness of the Islands of the Great Barrier Reef.

Idea

We created 'The Best Job in the World' Islands Caretaker working for Tourism Queensland. It's a real job exploring the islands and reporting back through blogs, photos and video diaries. We drove people online through simple recruitment ads in major newspapers, online job listings and display ads. At islandreefjob.com people could apply for the job and engage with the brand.

Results

- More than \$US100M worth of media coverage (from a budget of \$US1.2M).
- In 56 days islandreefjob had 6,849,504 visitors
- 34,684 applicants from 201 countries



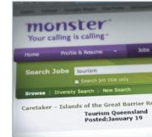
Recruitment posters



Outdoor



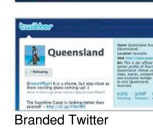
Video applications



Online recruitment ads



Branded Facebook



Branded Twitter



Youtube Channel



Recruitment press ads



News Websites



DAILY EXPRESS



Candidate TV Interviews and Updates



Candidate Radio Interviews



Social Networking

Achieving worldwide awareness of the Islands of the Great Barrier Reef. And creating desire for the unique experiences available there.

The campaign itself

The campaign 'The Best Job in the World' launched in January 2009. The campaign created a reason for people all over the world to engage with the Australian destination and aspire to experience it. The Best Job campaign utilized a very simple communications strategy. Classified ads, job listings and small banner advertisements were strategically placed in target markets directing people to a central URL: islandreefjob.com. The purpose of the campaign was to drive traffic to this website to stimulate mass social media and mainstream media coverage. The website aimed to capture consumer interest on two levels: (1) the primary motivation, job application or interest of applicants; (2) engaging and aspirational content about the Islands of the Great Barrier Reef. The website was supported by a presence on Myspace, Facebook, YouTube and Twitter. The campaign launch was targeted to coincide with the northern hemisphere's winter ensuring that the campaign would have heightened appeal in the primary markets. A comprehensive PR strategy fed the world's media a rare 'good news' story in a time of rising unemployment, raising awareness and directing traffic online to apply. Candidates were asked to submit a one minute video application demonstrating their knowledge of the region, generating content for the website.

The competition itself allowed Tourism Queensland the opportunity to develop more publicity at a number of stages. The potential candidates for the position were narrowed down to 150. From this, a shortlist of 50 applicants from 22 countries were narrowed down to a final 16, 15 of whom were chosen by Tourism Queensland, and a sixteenth 'wild card' applicant chosen by popular vote. This maintained huge interest in the campaign over a sustained period before the winner was announced on 6 May 2009 (see Exhibit C3.1).

The target audience for the campaign was defined as 'Global Experience Seekers': self-challengers, youthful travellers with high education, with access to new technology, and with a preference for holiday immersion beyond major cities. This segment was primarily targeted across key markets that have a higher propensity to travel to Australia. The Best Job campaign set a number of objectives. Firstly it was hoped that mainstream media coverage would exceed overall investment in the campaign. The campaign also targeted news coverage in key population markets and to gain travel industry recognition (by wholesalers, travel agents, airlines and local tourism operators). Specifically for the campaign activity the target response objectives were: to receive 14,000 job applications, for specific content of the Islands to become viral, as well as extensive social media use of campaign content and consumer-generated content over and above the applicant videos through blogs, social network sites and in other Web 2.0 portals.

Campaign results

The campaign results far exceeded any expectations. In total, Tourism Queensland received 34,684 video job applications from 201 countries. Therefore, at least one person from every country in the world applied for the position. Tourism Queensland also received over 20,000 emails. The organization had initially prepared three or four people to watch 4,000 videos but due to the huge response they needed 35–40 people to vet the final 9,000 videos over the last weekend. Total visitors to The Best Job in the World website exceeded 8.7 million with 53,889,455 page views and 8.25 minutes average time spent. News updates from the site were subscribed to by 154,437 individuals. There were also over 475,000 votes for Wild Card applicants. A Google search for 'best job in the world island' returned around 52,500,000 listings and 43,603 news story listings. In terms of social media, Facebook referred 371,126 visits, the highest referrer after Yahoo and Google. The showcase video for the Islands of the Great Barrier Reef was viewed on YouTube almost 300,000 times. In terms of consumer generated content, there were over 578 hours of content on YouTube from the video applications alone. These videos and Ben's videos showing what it was like to work as the Island Caretaker have been viewed almost 400,000 times. A 'best job in the world' search on FLIKR showed over 3,500 pictures. A Google Blog search for 'best job in the world' generated 231,355 blogs.

Ben has been very successful in his role as Island Caretaker promoting Queensland. He has approximately 4,000 followers on Twitter and 1,300 people 'like' Ben on Facebook. He has also gained significant media attention including a guest appearance on The Oprah Winfrey Show, viewed by approximately 9.7 million in the USA alone and broadcast internationally to an additional 145 countries worldwide. The estimated publicity value for the interview was US\$440,952 in America alone. The Best Job campaign received huge exposure in the UK where BBC1 ran an hour-long documentary screened during prime-time, attracting 5.7 million viewers. The estimated publicity value for the first screening of this documentary was more than £9 million. This documentary also featured on all Air New Zealand and Cathay Pacific's in-flight programmes. Ben made regular appearances on domestic television including several guest appearances presenting the weather on Channel 7's Sunrise and hosting a Getaway crew on Hamilton Island. The estimated publicity value for these segments was \$570,000 and \$970,000 respectively. Sixty media from around the globe attended the job announcement on Hamilton Island attracting coverage from BBC, CNN, *Good Morning America*, Canada TV, Sky News, *The Times* and the *Shanghai Morning Post*. Tourism Queensland generated further

media exposure through the National Geographic Channel's International 'Best Job in the World' six-part documentary series following Ben's exploits during his tenure as Island Caretaker.

To date, the campaign has generated \$430 million in publicity. This figure represents approximately \$94 million in domestic media coverage in Australia and \$326 million in international media coverage (and excludes the value of social media coverage and consumer content). The Best Job campaign also received a number of awards, most notably stealing the show at the world's most prestigious advertising awards, the Cannes Lions International Advertising Festival, by winning more of the ultimate Grand Prix awards than any other campaign in the Festival's 55-year history. The key for Tourism Queensland now was turning the success of the campaign into bookings.

Tourism

The campaign was launched at the height of the global financial crisis, which saw a massive decline in travel globally. This coupled with the effects of swine flu and a strong Australian dollar, all contributed to a decline in overall visitors to Australia. The campaign has significantly impacted tourism figures in Queensland. Despite overall numbers for Australian tourism decreasing, Queensland tourism increased 20 per cent since the campaign launch with 50 per cent of all Australia trips now including a Queensland component. The stability in international visits that Australia experienced in 2009 represented a comparatively strong performance compared with a number of other regions around the world, with the United Nations World Tourism Organization (UNWTO) estimating that international tourist arrivals declined worldwide by 4 per cent in 2009. Owing to the social networking nature of the Best Job in the World campaign, the youth market (under 30 years old) has been particularly important for Queensland. Youth visitors from continental Europe increased 6 per cent over the year ended December 2009. Similarly, Tourism Research Australia's International Visitor Survey for the year ended June 2010 revealed growth in the number of UK (8 per cent) and continental European (10 per cent) visitors aged under 30 years who visited the Whitsundays on holidays. Queensland now has the second largest share of the international youth market in Australia with 42 per cent.

Several operators reported significant referrals from the campaign website in the first few weeks, with the Mantra Group receiving more than 1400 enquiries in a single day after the campaign launched. In Germany, wholesaler FTI's booking numbers to Queensland increased steadily, up 8.7 per cent year ending December 2009, while Wholesaler Dertour announced that while numbers for Australia were declining, numbers to Queensland were increasing steadily with more bookings than the other states. Boomerang Reisen recorded a 7 per cent increase in visitors to Queensland

throughout 2009 stating that they use the Best Job in the World campaign in almost every second customer pitch. Media exposure generated as a result of the Best Job in the World also resulted in a decision by Amway Australia to hold its 500 delegate conference on Hamilton Island in November 2010 which helped to generate approximately \$580,000 in expenditure for Queensland. In May 2010, two major US travel companies, online booking agent Orbitz and luxury travel wholesaler Signature, became the first US travel sellers to promote the Islands of the Great Barrier Reef as a stand-alone destination. This decision was due to the profile gained by the Islands through the Best Job in the World campaign. Throughout their campaign Orbitz.com and their other international websites generated 6,524 room nights of Queensland accommodation sales in May and June. This figure equates to year-on-year growth of 170 per cent for Queensland room nights booked through Orbitz during the two-month period.

Tourism Queensland's 14 international offices have also achieved success from a series of spin-off campaigns from the Best Job in the World, such as the Great Barrier Reef sale which ran shortly after the campaign launched in the Nordic region, generating just under 5000 passengers to Queensland. In early 2009, Tourism Queensland's UK office created six 'Best' theme packages. For example, The Best Holiday in the World run in partnership with Ethiad and Austravel, generated 1,584 passengers for Queensland from the UK. The Best Adventure in the World, run in partnership with Backpacking Queensland and Kilroy Travels in the Nordic region, reported their results for Queensland were up 58 per cent on the same time the previous year. The Best Experience in the World viral campaign in the UK which began in September 2009, reached more than 250,000 trade and end consumers and resulted in a combined click through rate of 24.29 per cent. In August 2009, Tourism Queensland launched the Best Holiday in the World domestic marketing campaign which featured four of the Best Job in the World candidates set to the theme song of The Monkees. The 10-month television, print, radio and online

campaign drove visitors to look at more than 552,000 Best Holiday campaign pages during the campaign period August 2009–June 2010. Throughout October–December 2009, Tourism Queensland Europe coordinated a digital campaign themed The Best Holiday in the World, which resulted in more than 75,000 page views with more than 32,000 participating in the game. Tourism Queensland's Europe office also ran an activity with one of the Queensland tourism ambassadors in Europe themed Best Holiday in the World. This activity reached more than 64,000 consumers and potential visitors to Queensland.

Hamilton Island, the base of the Best Job in the World Island Caretaker Ben Southall, enjoyed impressive international visitor numbers in 2009. Room night sales were up 21 per cent in November 2009 compared with the same month in 2008. The European market also performed well with room night sales 29 per cent stronger year on year. Hamilton Island also reported in December 2009 that Japanese arrivals for the year were up 59 per cent, while the national average was down 24 per cent. Korean, Indian and Chinese arrivals were also up, 84 per cent, 41 per cent and 34 per cent respectively.

Conclusion

Ben finished his contract as Island Caretaker on 31 December 2009. Owing to the success of the campaign and high publicity value generated, he continued as a Queensland Tourism Ambassador. In this role he continues to work closely with Tourism Queensland's international offices and continues to appear at a range of high-profile media and trade events in the USA, Canada, Japan, New Zealand, the UK, China, Hong Kong, Taiwan and the Middle East. In May 2011, Ben embarked on 'The Best Expedition in the World' exploring the Great Barrier Reef by kayaking and sailing over 1600 km. As his journey progresses, he will again report by blogging and photographing through his website www.bestexpeditionintheworld.com. Tourism Queensland plans to continue to capitalize on the opportunities this global attention has presented.

Questions

1. Based on your understanding of who is important in the buying decision process, evaluate the potential roles in the decision to apply to the Best Job advertisement. How are these roles significant in terms of generating greater awareness for Queensland?
2. How would you characterize the level of involvement in the decision to apply for the 'Best Job in the World'?
3. The target audience for this campaign were defined as 'Global Experience Seekers'. Discuss the influences on consumer behaviour in applying for the Best Job in the World with reference to the target market.
4. Discuss the growth in importance of social media as a tool in the consumer decision-making process.

This case was prepared by David Cosgrave, University of Limerick and Deborah Saad, University of Portsmouth from published sources as a basis for class discussion rather than to illustrate either effective or ineffective management.