

Chapter 10

A portrait of Consumer

**CONSUMER
BEHAVIOR, 8e**
Michael Solomon

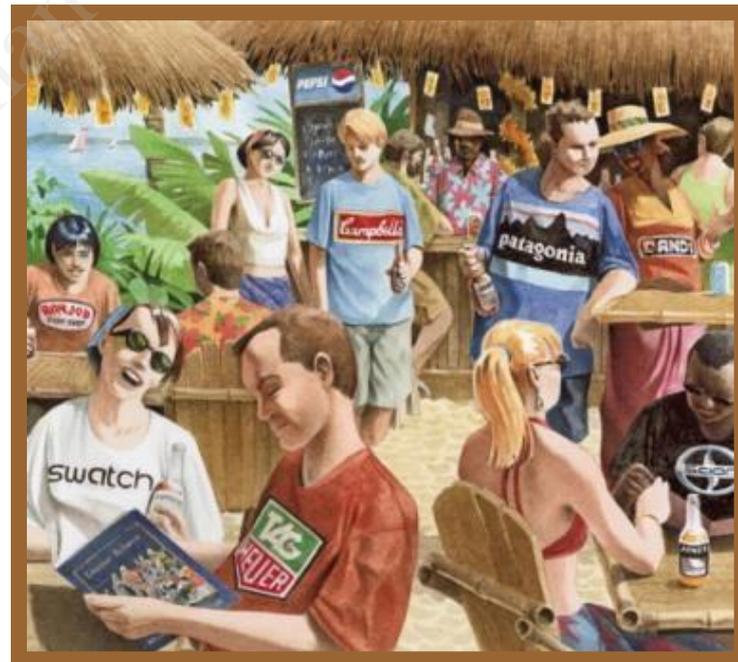


Content

- **Organizational and Household Decision Making**
- **Income and Social Class**

I. Organizational and Household Decision Making

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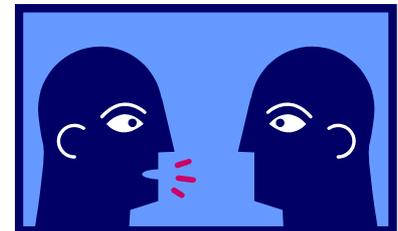
The Modern Family

- **Before 1900s: extended family**
- **1950s: nuclear family (mother, father, and children)**
- **Today, many households:**
 - **Married couples less than 50% of households**
 - **Majority of adult women live without spouse**
 - **Unmarried opposite sex couples**
 - **Same-sex couples**



Discussion

- ***In identifying and targeting newly divorced couples, do you think marketers are exploiting these couples' situations?***
- ***Are there instances in which you think marketers may actually be helpful to them?***
- ***Support your answers with examples***



Family Size

- **Depends on educational level, availability of birth control, and religion**
- **Marketers keep an eye on fertility rate and birth rate**
- **Worldwide, women want smaller families (especially in industrialized countries)**
 - **Contraception/abortion are more readily available**
 - **Divorce is common**
 - **Older people now pursue non-grandchildren activities**
 - **Some countries want people to have more children**

Sandwich Generation



- **Sandwich generation:** adults who care for their parents as well as their own children
- **Boomerang kids:** adult children who return to live with their parents
 - **Spend less on household items and more on entertainment**

Nonhuman Family Members

- **Pets are treated like family members**
- **Spending on pets has doubled in the last decade**
- **Pet-smart marketing strategies:**
 - **Name-brand pet products**
 - **Designer water for dogs**
 - **Lavish kennel clubs, pet classes/clothiers**
 - **Pet accessories in cars**
 - **Perma-pets**
 - **Neopets Inc.**

Family Life Cycle

- **Factors that determine how couples spend money:**
 - **Whether they have children**
 - **Whether the woman works**
- **Family life cycle (FLC) concept combines trends in income and family composition with change in demands placed on income**
 - **As we age, our preferences/needs for products and activities tend to change**



FLC Models

- **Useful models take into account the following variables in describing longitudinal changes in priorities and demand for product categories:**
 - **Age**
 - **Marital status**
 - **Presence/absence of children in home**
 - **Ages of children**
- **Such factors allow use to identify categories of family-situation types**

Life-Cycle Effects on Buying

FLC model categories show marked differences in consumption patterns

- **Young bachelors and newlyweds: exercise, go to bars/concerts/movies**
- **Early 20s: apparel, electronics, gas**
- **Families with young children: health foods**
- **Single parents/older children: junk foods**
- **Newlyweds: appliances**
- **Older couples/bachelors: home maintenance services**

Household Decisions

Families make two types of decisions:

- **Consensual purchase decision: members agree on the desired purchase, differing only in terms of how it will be achieved**
- **Accommodative purchase decision: members have different preferences or priorities and they cannot agree on a purchase to satisfy the minimum expectations of all involved**

Household Decisions (cont.)

Specific factors that determine how much family decision conflict there will be:

- **Interpersonal need**
- **Product involvement and utility**
- **Responsibility**
- **Power**



Sex Roles and Decision-making Responsibilities

Who makes key decisions in a family?

- **Autonomic decision: one family member chooses a product**
 - **Wives still make decisions on groceries, toys, clothes, and medicines**
- **Syncretic decision: involve both partners**
 - **Used for cars, vacations, homes, appliances, furniture, home electronics, interior design, phone service**
 - **As education increases, so does syncretic decision making**

Identifying the Decision Maker

Family financial officer (FFO)

- In traditional families, the man makes the money and the woman spends it
- If spouses adhere to modern sex-role norms, participation in family maintenance activities

Four factors in joint versus sole decision making:

- Sex-role stereotypes
- Spousal resources
- Experience
- Socioeconomic status

Children as Decision Makers

Children make up three distinct markets:

- **Primary market: kids spend their own money**
- **Influence market: parents buy what their kids tell them to buy (parental yielding)**
- **Future market: kids “grow up” quickly and purchase items that normally adults purchase (e.g., photographic equipment, cell phones)**

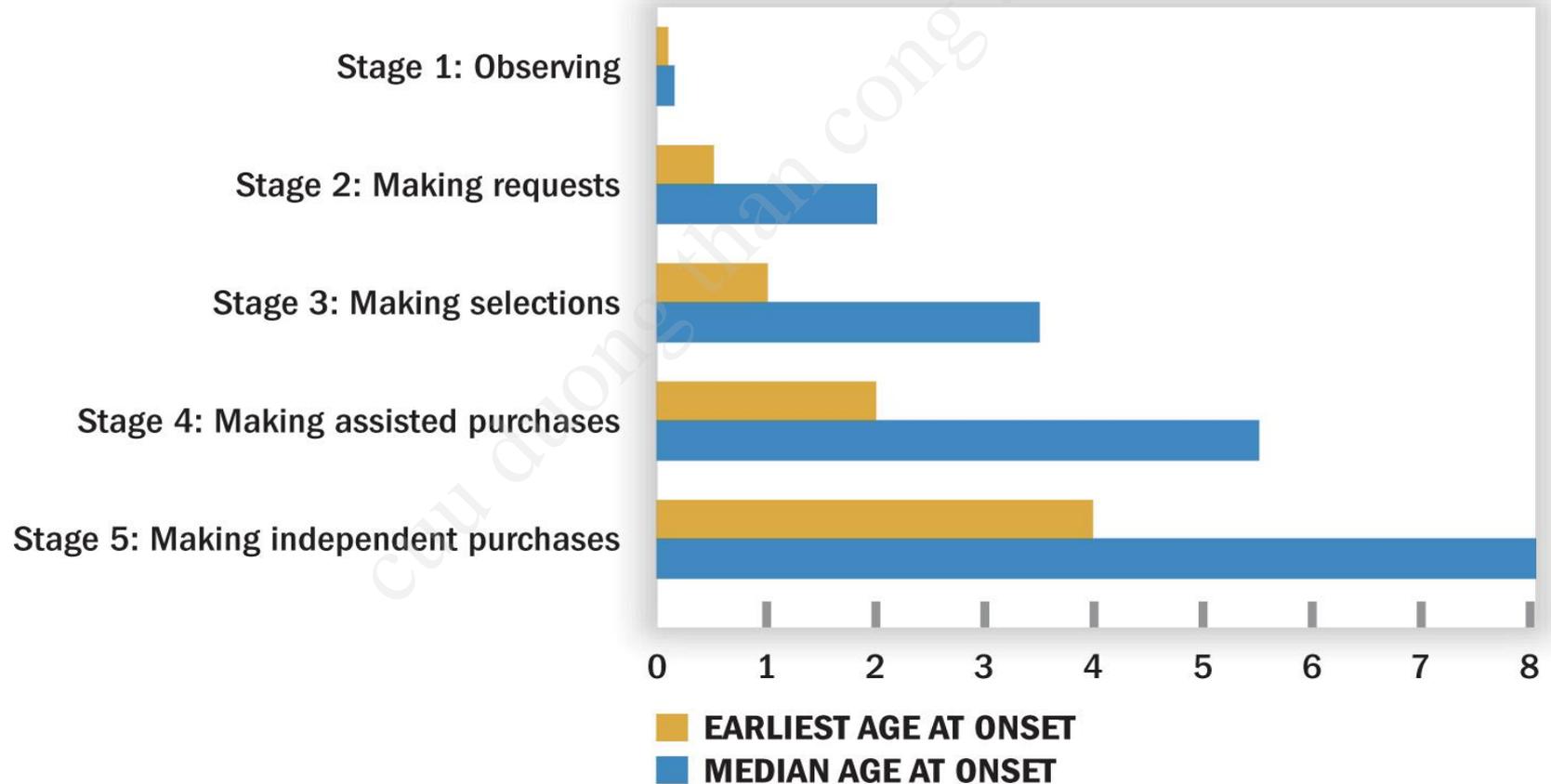
Consumer Socialization

- **Consumer socialization: process by which young people acquire skills, knowledge, and attitudes relevant to their functioning in the marketplace**
- **Children's purchasing behavior is influenced by:**
 - **Parents**
 - **Television (“electric babysitter”)**
 - **Sex roles**

Five Stages of Consumer Development

A CONSUMER IS BORN

Children start accompanying parents to the marketplace as early as one month old and begin to make independent purchases as early as four years old.



Cognitive Development

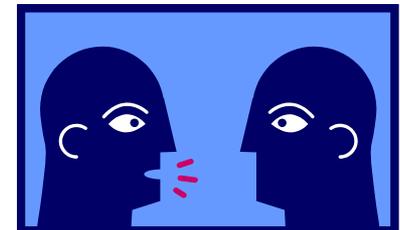
- **Marketers segment children by their stage of cognitive development: ability to comprehend concepts of increasing complexity**
- **Three segments often used today:**
 - **Limited: Below age 6, children do not use storage and retrieval strategies**
 - **Cued: Between ages 6 and 12, children use these strategies, but only when prompted**
 - **Strategic: Children age 12 and older spontaneously employ storage and retrieval strategies**

Marketing Research and Children

- **Little real data on children's preferences/influences on spending patterns is available**
 - **Kids tend to:**
 - **Be undependable reporters of own behavior**
 - **Have poor recall**
 - **Not understand abstract questions**
- **Two areas where researchers have been successful:**
 - **Product testing**
 - **Advertising message comprehension**

Discussion

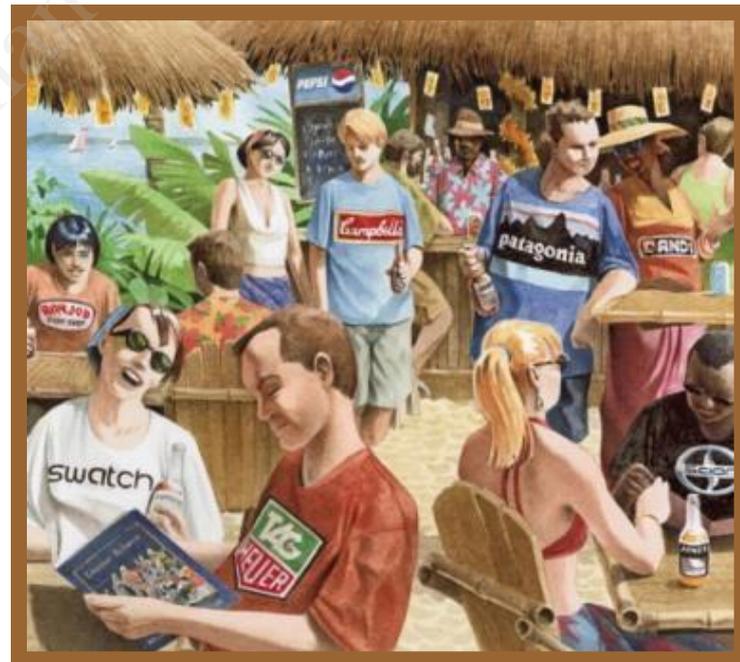
- ***Do you think market research should be performed with children? Why or why not?***



II.

Income and Social Class

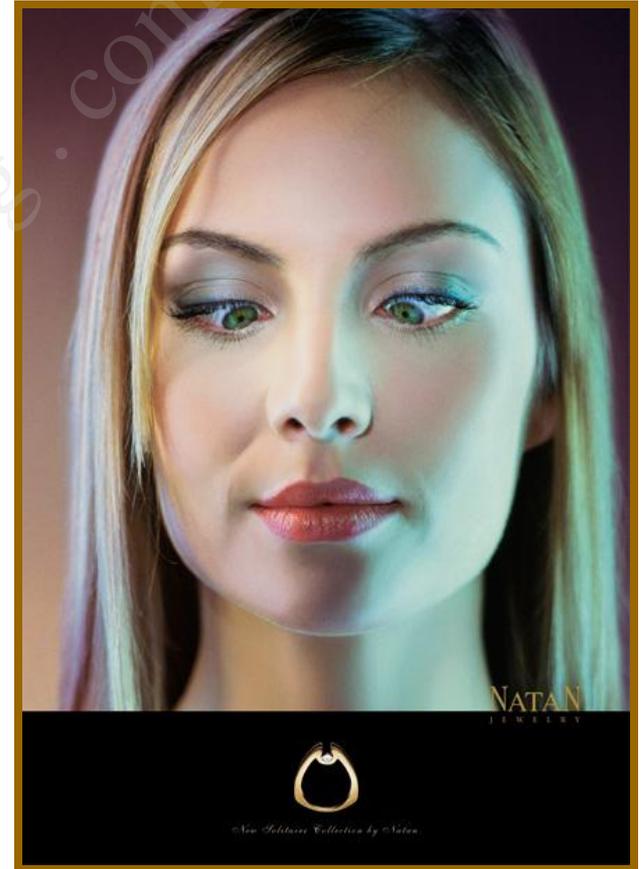
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Consumer Spending and Economic Behavior

General economic conditions affect the way we allocate our money

- **A person's social class impacts what he/she does with money and on how consumption choices reflect one's place in society**
- **Products can be status symbols**



Income Patterns

The average American's standard of living continues to improve due to:

- An increase of women in the workforce
- Increases in educational attainment



Discretionary income: money available to a household over and above that required for a comfortable standard of living

Individual Attitudes Toward Money

- **Wal-Mart study on how consumers think about money and brand names**
- **Three distinct groups of consumers:**
 - **Brand aspirationals: people with low incomes who are obsessed with names like KitchenAid;**
 - **Price-sensitive affluents: wealthier shoppers who love deals; and**
 - **Value-price shoppers: like low prices and cannot afford much more.**

Consumer Confidence

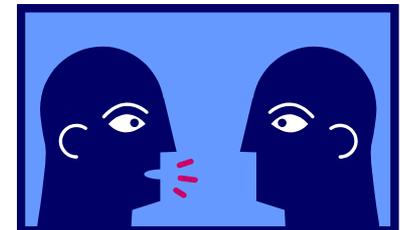
- **Behavioral economics:** concerned with “human” side of economic decisions
- **Consumer confidence:** the extent to which people are optimistic or pessimistic about the future health of the economy
 - Influences how much discretionary money we will pump into the economy
- **Overall savings rate is affected by:**
 - Pessimism/optimism about personal circumstances
 - World events
 - Cultural differences in attitudes toward savings

Social Class

- **Society is divided into the “haves” versus “have-nots”**
- **Social class is determined by income, family background, and occupation**
- **Universal pecking order: relative standing in society**
 - **Standing determines access to resources like education, housing, consumer goods**
 - **Marketing strategies focus on this desire to move up in standing**
- **Social class affects access to resources**
 - **Social class: overall rank of people in a society**
 - **Homogamy: we even tend to marry people in similar social class**

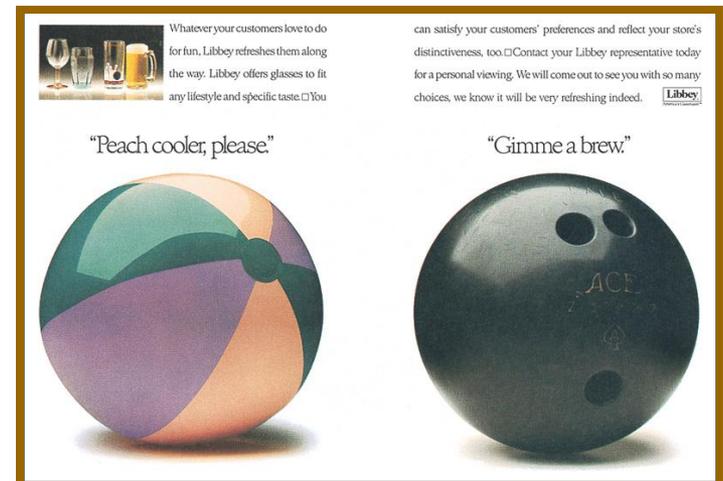
Discussion

- *How do you assign people to social classes, or do you at all?*
- *What consumption cues do you use (e.g., clothing, speech, cars, etc.) to determine social standing?*

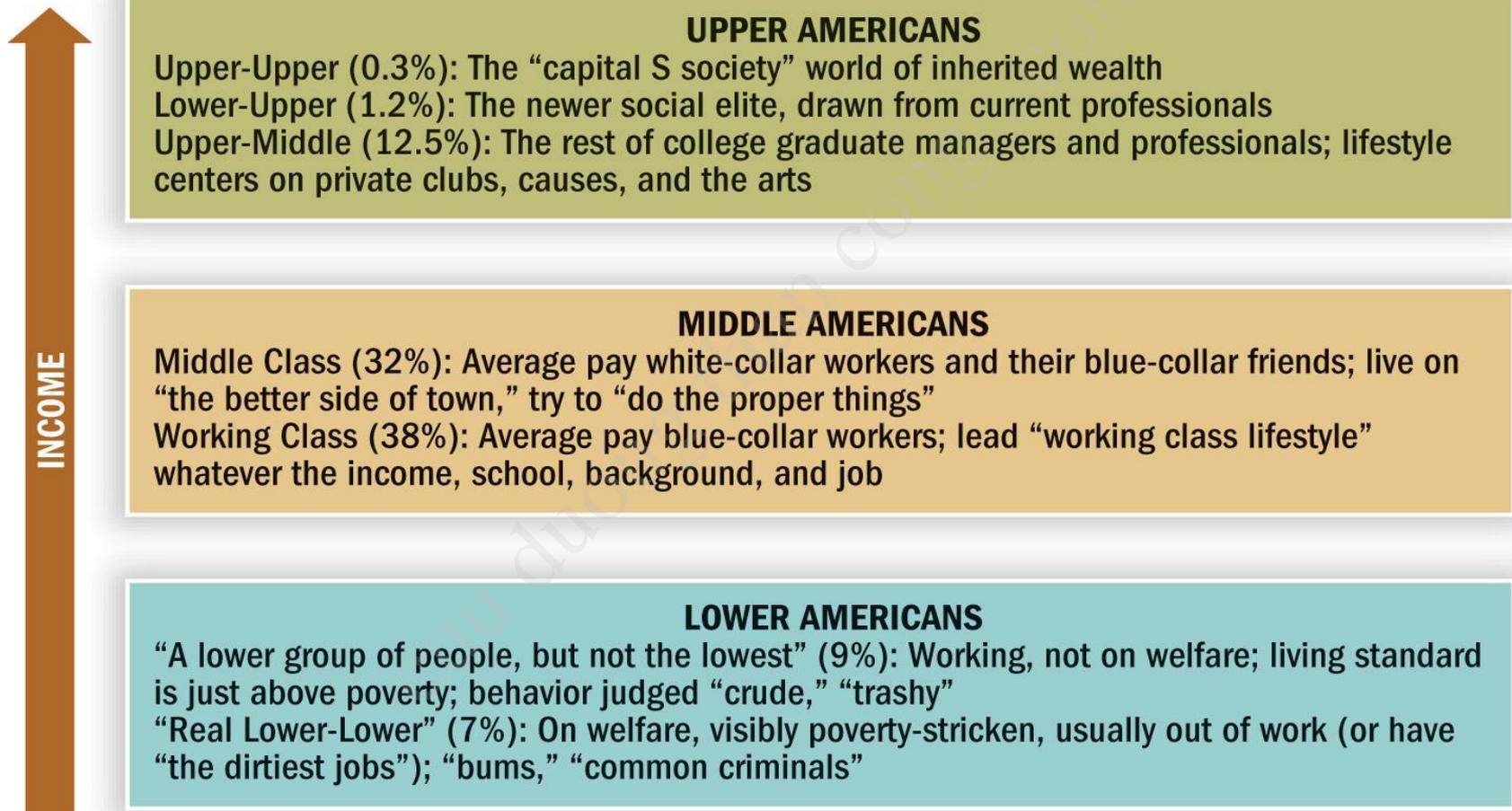


Picking a Pecking Order

- **Social stratification: social arrangements in which some members get more resources than others by virtue of relative standing, power, or control**
- **Artificial divisions in a society**
 - **Scarce/valuable resources are distributed unequally to status positions**
- **Achieved versus ascribed status**
 - **Status hierarchy**



Class Structure in the United States



Class Structure Around the World

- **China: rise of middle class**
- **Japan: status- and brand-conscious society**
- **Arab cultures: women enjoy shopping with their families/friends**
- **U.K.: rigid class structure still exists, but the dominance of its aristocracy is fading**



The Rise of Mass Class

- **Income distribution**
 - **“Affordable luxuries” within reach of many consumers**
 - **Rising incomes + decreasing prices**
- **Marketers cater to mass class with high-quality products**



Social Mobility

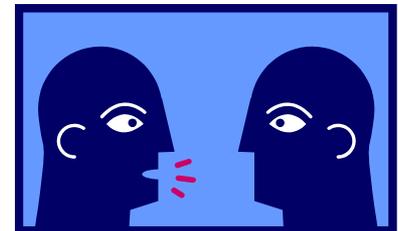
- **Social mobility: passage of individuals from one social class to another**
 - **Horizontal mobility (from one occupation to another in same social class)**
 - **Downward mobility (“Cinderella fantasy”)**
 - **Upward mobility**

Components of Social Class

- **Occupational prestige**
 - **Is stable over time and similar across cultures**
 - **Single best indicator of social class**
- **Income**
 - **Wealth not distributed evenly across classes (top fifth controls 75% of all assets)**
 - **Income is not often a good indicator of social class; it's *how* money is spent**

Discussion

- ***Which is a better predictor of consumer behavior:***
 - ***A consumer's social class?***
 - ***A consumer's income?***
- ***Why?***



Relationship Between Income and Social Class

- **“Money” and “class” not synonymous**
- **Whether social class or income is a better predictor of a consumer’s behavior depends on the type of product:**
 - **Social class is better predictor of lower to moderately priced symbolic purchases**
 - **Income is better predictor of major nonstatus/nonsymbolic expenditures**
 - **Need both social class and income to predict expensive, symbolic products**

Measuring Social Class

- **Social class is complex and difficult to measure**
- **Raw education and income measures work as well as composite status measures**
- **Americans have little difficulty placing themselves in working/middle classes**
- **Blue-collar workers with high-prestige jobs still view themselves as working class**
- **“Class” is very subjective; its meaning speaks to self-identity as well as economic well-being**

Problems with Social Class Measures

- **Previously, measures of social class had trouble accounting for two-income families, young singles living alone, or households headed by women**
- **Overprivileged versus underprivileged conditions of social class**
 - **Problems associated with lottery winners**
- **Traditional issues of hierogamy**
 - **Women tend to “marry up” more than men do**
 - **Potential spouse’s social class as “product attribute”**

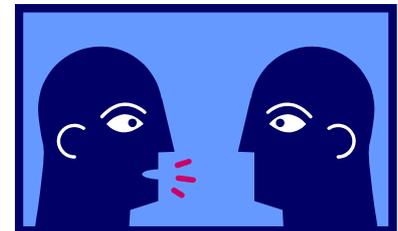
Class Differences in Worldview

World of working class is intimate and constricted

- **Immediate needs dictate buying behavior**
- **Dependence on relatives/local community**
- **More likely to be conservative/family-oriented**
- **Maintaining appearance of home/property**
- **Don't feel high-status lifestyle is worth effort**
 - **Affluenza and pressure to maintain family status**

Discussion

- ***Do you believe “influenza” is a problem among Americans your age?***
- ***Why or why not?***



Taste Cultures

Taste culture: differentiates people in terms of their aesthetic and intellectual preferences

- **Distinguishes consumption choices among social classes**
- **Upper- and upper-middle-class: more likely to visit museums and attend live theater**
- **Middle-class: more likely to go camping and fishing**
- **Some think concept of taste culture is elitist**

Taste Cultures (cont.)

- **Codes: the way consumers express and interpret meanings**
- **Allows marketers to communicate to markets using concepts and terms consumers are most likely to understand and appreciate**
- **Restricted codes: focus on the content of objects, not on relationships among objects**
- **Elaborated codes: depend on a more sophisticated worldview**

Cultural Capital

- **Set of distinctive and socially rare tastes and practices**
 - **“Refined” behavior that admits a person into the realm of the upper class**
 - **Etiquette lessons and debutante balls**
 - **“Taste” as a habitus that causes consumption preferences to cluster together**



Targeting the Poor

- **Poor people have the same basic needs as others**
 - **Staples/food, health care, rent**
- **Residents of poor neighborhoods must travel more to have same access to supermarkets, banks, etc.**
 - **La Curacao department stores in California**



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Targeting the Rich

- **Many marketers target affluent, upscale markets**
- **Affluent consumers' interests/spending priorities are affected by where they got their money, how they got it, and how long they have had it**
- **Three different consumer attitudes toward luxury:**
 - **Luxury is functional: use their money to buy things that will last and have enduring value**
 - **Luxury is a reward: luxury goods to say, "I've made it"**
 - **Luxury is indulgence: are extremely lavish and self-indulgent**

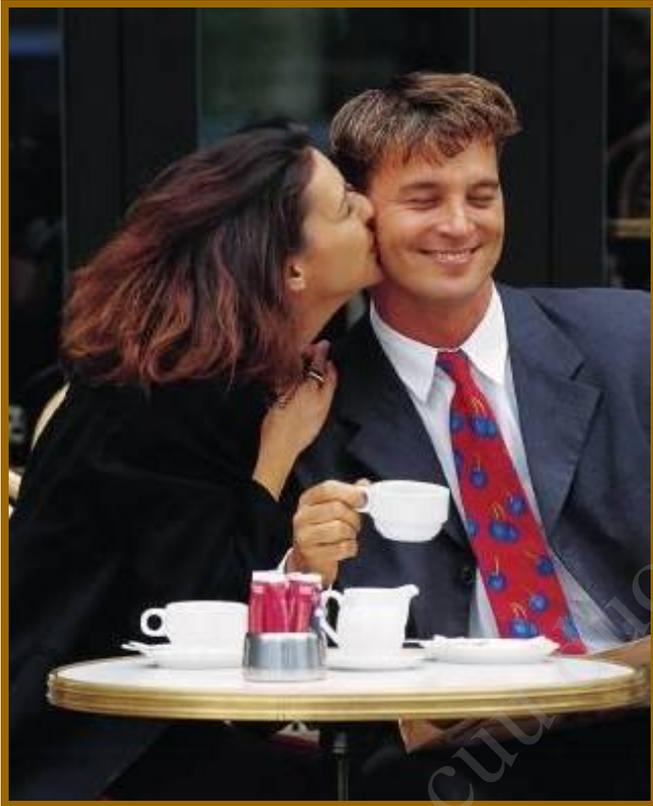
Old Money



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- These types of families live on inherited funds
- Family history of public service and philanthropy
 - Rockefeller University, Whitney Museum
- Distinctions made by ancestry and lineage

The Nouveau Riches



- **The working wealthy...“rags to riches”**
 - **Newcomers to the world of wealth**
- **Status anxiety leading to symbolic self-completion**
- **Advertising emphasizes “looking the part”**

Status Symbols

- “Keeping up with the Joneses/Satos”
- What matters is having more wealth/fame than others
- Status-seeking: motivation to obtain products that will let others know that you have “made it”



Status Symbols (cont.)

Status-symbol products vary across cultures and locales

- **Brazil: owning a private helicopter to get around horrible traffic**
- **China: showing off pampered only child**
- **Russia: cell phones with gems, expensive ties**
- **Indonesia: retro cell phone the size of a brick**

Conspicuous Consumption

- **Invidious distinction: we buy things to inspire envy in others through our display of wealth or power**
- **Conspicuous consumption: people's desire to provide prominent visible evidence of their ability to afford luxury goods**

The Trophy Wife

- **Leisure class and “idle rich”**
- **Wives of wealthy husbands as “walking billboards”**
- **Potlatch of Kwakiutl Indians**
 - **Modern-day lavish parties/weddings**
- **Conspicuous waste**