

# 1

## WELCOME TO THE FASCINATING WORLD OF CONSUMERS

*Where Offerings and Hopes Meet*



*How consumers get their cool in the marketplace*

**H**ow Consumer Behavior is Defined and What Its Elements are

**F**ive Visions of the Consumer Marketers Should Recognize

**C**onsumer Needs and Wants and How Marketing Shapes Them

**F**ive Resources All Humans Possess and Exchange in the Marketplace

**F**our Consumption Values Humans Seek in the Marketplace

**F**our Reader Types to Benefit from This Consumer Behavior Book

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TO UNDERSTAND

LEARNING OBJECTIVES

## Want. Need. Love.

Wa.Ne.Lo. Want. Need. Love.

In 2012, in San Francisco, California, an unusual online, social shopping company was born, named *Wanelo* (short for Want, Need, Love). On its Web portal (which is easily accessed on mobile phones with an app), Wanelo showcases some 30 million unusual, high fashion products, sourced from some 550,000 boutique stores around the world.

Because these boutiques are small and spread out in diverse corners of the world, consumers would have had no exposure and no avenues of buying from them, before now.

Products show up on the Wanelo Web site from two sources: First, the company “harvests” unusual products from around the globe and “curates” them. Second, and just as important, consumers (who sign up) create their own boards and post products they discover or products that are from established merchants, and which they like or want as gifts. Other visitors to the site “save” the items they like—on Wanelo, “save” is equivalent to “Like” on Facebook. When you click on any item, the linked page shows which merchant the item is from, who were the original and current posters, when it was first posted, and how many “saves” it has. Clicking on the “buy” link takes you to the original merchant’s commerce page.

You can follow Wanelo’s “members,” and their updates (the new items they add) will show up in your feed. One tab on the site is named “Trending” and on that page Wanelo displays products that are on the largest number of “saved” lists. Thus, more than an e-tailer, Wanelo is a virtual social shopping Mecca. Today, it is being used by millions of discerning consumers who post, browse, save, and buy from among the cornucopia of products treasure-hunted through the collective wisdom of social media savvy fellow consumers.



## INTRODUCTION

Wanelo was founded by 32-year-old Deena Varshavskaya, who was frustrated with shopping in traditional malls because she had a hard time finding items to fit her personal style, and she also wanted to know what her friends were shopping for. So she created the company to meet these needs, which, it turns out, were also the needs of millions of consumers around the world. They want unique fashion items that come with the assurance of their popularity, and the company gave “social shopping” a new face.

More than the technology behind the Web sites, more than the hard work of sourcing unusual merchandise from around the world, it is the consumer savvy gleaned by their founders, their uncanny ability to get inside the skin of their consumers, that makes new age marketing firms like Wanelo successful.

Today, more than ever before, consumers themselves are astonishingly market savvy, with a never-before array of choices. And in our consumerist society, consumers look to the marketplace for heightened gratification of their needs and desires. Born in the age of the Web and the smartphone and immersed deeply in social media, the young and the restless, especially, but even the older and the tranquil, seek products customized and personalized to their tastes, and vetted by their social media peer netizens. They befriend brands that are “cool,” and love the marketers who speak their language. That language is the language of consumer behavior. Every marketer should learn it.

This book seeks to teach that language. In this book, we are going to describe, dissect, and discourse about consumer behavior—human behavior in the world of products. We will study how we think, feel, and act in the marketplace—how we come to see products the way we see them, how we make our choices from the mind-boggling array of goods available, how we buy them and then weave them into the tapestries of our lives; how we consume them to sustain and energize our bodies, feed our minds, and construct our egos and our identities. This is the study of consumer behavior. Welcome to the fascinating world of consumers!

### WE ARE CONSUMERS—24-7!

We are all consumers. This much comes as no surprise to us. But what we may not have realized is how much of our waking day we spend being a consumer—and we count not just when we are consuming or when we are buying something. Rather, as we will explain later, we are a consumer any time we are even thinking about acquiring and/or consuming anything. To be sure, we also live at least part of our lives not being consumers—such as when we are conversing with a friend (without using a phone or any other product), or reflecting on our futures, or for that matter, on the future of mankind. But most of the rest of the day is filled with plotting and enacting consumption. At our request, a group of consumers wrote a daily journal. We reproduce one of these journals (see box: Dear e-Diary). This journal was quite representative of all those we received in one respect; they all showed the same thing: We are consumers 24-7!



Consumer Karma—We Are Consumers 24/7!

## Dear e-Diary—Here is My Consumer Behavior

### MONDAY

by Ellen Tibbs

- This morning on the way to work I bought a Sugar Free Red Bull and Special K blueberry breakfast bar.
- I was walking to my car earlier and saw a woman with a new Coach purse. I am getting sick of the one I am carrying now. Once I save up some money I might treat myself and buy one!
- My friend just called and said she had an extra ticket to go to the Journey concert in two weeks. I really want to go so I told her I would meet up with her later to pay for the ticket.

### TUESDAY

- I got my hair colored at the salon, Madalyn San Tangelo this morning.
- My friend Lindsay and I wanted to eat sushi so I placed a carry out order at AOI, a Japanese cuisine restaurant at Newport on the Levee. We both ordered California Rolls, rice and we split an appetizer.
- I was online today and bought and downloaded music from iTunes. I bought some songs by James Blunt and Jack Johnson. .

### WEDNESDAY

- I love my car, but I want a new one. I saw a new silver Scion today and want it badly. I called my mom and talked to her about trading my car in for a new car.
- I looked online for a desk for my room. I have a computer and printer, but no work station. I usually sit at my kitchen table or on the floor to do homework and it's getting really annoying. I looked at Pottery Barn, Bova and a couple of random sites, but didn't see anything I liked.

### SATURDAY

- I bought an Icee Mango at Panera Bread...
- I went shopping today at Kenwood Mall for something to wear tonight. I went to a couple of stores, but didn't find anything. I went into Forever 21 and was excited when I found a white skirt and black camisole. I was even more excited when I found great accessories to match!

### SUNDAY

- I had a headache this morning and was out of Advil so I went to Walgreen's. I bought water and a bottle of Advil gel caplets. In line I grabbed a new tube of Burt's Beeswax and bought that too.
- I had to buy gas again today. I feel like I filled up! I hate buying gas. It is so expensive and is a pain in the butt. The only thing worse than buying it is to know you will have to buy it again in three days!
- I work at J B Fin's on the Levee, so I went shopping on my break. I went to Hollister and PacSun. I didn't find anything I liked. However, I did buy a new belly button ring from the outside vendor.



Ellen Tibbs is a college senior majoring in Business Administration

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MY CB BOOK

## CONSUMERS ARE FASCINATING

As consumers, we are fascinating. Consider a conversation we recently had with a consumer, Jackie, age 30 (see the box titled “A Consumer Interview: I Obey My Thirst”). We will let that interview speak for itself, and let you decide whether you agree that consumers are indeed fascinating.

When we think of consumers such as Jackie, several images come to mind. Consumers are the browsers in the department store, shoppers in the mall, patrons enjoying a meal in a restaurant, visitors standing in long lines at Disneyland, youngsters flocking to video arcades, and old ladies rushing to grab door-buster sale items. These and many other visions of the consumer can be aptly grouped into the following five categories:

1. Consumer as Problem-Solver
2. Consumer as Economic Creature
3. Consumer as Computer
4. Consumer as Shopper
5. Consumer as Reveler

## FIVE VISIONS OF THE CONSUMER

**Consumer as Problem Solver** In this vision, consumers are searching for solutions to the needs of daily life, looking for a product or service that will meet those needs in the best possible way. Once they find the “solution product,” they can relax and move on with their lives. The following self-report from a consumer illustrates this:

*After I purchased my new pants recently, I spent most of my free time thinking about the shoes I already have. Finally, I decided that I didn't have any shoes to go with my new pants. On Tuesday, I started my search at Payless Shoe Source, but didn't have any luck. I continued my search at Dillard's and JC Penneys but once again I just didn't see what I was looking for. I became very discouraged. I decided that later that evening, my final store to shop would be Shoe Carnival. As soon as I walked in, I saw them, the perfect pair of shoes. They were a little pricey at \$38.99, but with a 10% sale, I bought them. I was very excited and relieved that I had found the shoes I was looking for. (Angie, 22)*

**Consumer as Economic Creature** Consumers are also planners and managers of personal finances; they want to use their money wisely. As such they seek to buy products at the best prices available. This does not mean that they always go for the lowest price (although often they do), but they always want to maximize their utility. As one consumer stated:

*My fiancée and I always cut coupons before we go grocery shopping. It always saves us at least \$20 per trip. We both agree that Kroger and Thriftway are too expensive for our large bi-monthly shopping trips. We prefer to go to Meijer and likely save another \$40 just by going there. Once at Meijer, we aren't too picky about the brands we buy. We can often be seen calculating the per unit price based on the Meijer brand versus the name brand with coupon. On almost everything, the lower per-unit cost always wins. Oddly enough ketchup is the one item that I purchase based on the brand name. (Christopher, 23)*

**Consumer as Computer** We also see consumers reading package labels, checking-off items on a shopping list, pondering information in their heads, looking at ads, making sense of instructions on how to use a product—in other words, sorting out all the information about products and the marketplace. Indeed, our brains act like human computers. This vision can be seen in the following self-report from a couple:

*We were in the market for a house. We began by searching the MLS site on the Internet. We searched listings by price, by location, by school district, and by features. Then we found a realtor and let him do the searching. He showed us several houses on the computer within our price range. One house seemed to have all the features but was on a street with no sidewalks, and sidewalks were important to us because we have children. Another house had everything, but the deck was small; a third house had a large deck but the kitchen was small. We tried to figure how much it would cost to make the deck bigger, and we thought that expanding the kitchen would be very cumbersome. We kept turning in our heads the three houses we liked and their various features, and finally, taking everything into account, we settled on the one with the small deck. (Jenny, 23, and Paul, 24)*

**Consumer as Shopper** This is the familiar image of consumers, coming out of a store, loaded with shopping bags in both hands. Inside the store, they are totally taken in by the vast merchandise, enchanted by all that is on display, theirs to have if they like, but to enjoy the sight anyway. Stores and marketplaces are the proverbial Alice's Wonderland for the consumer as a shopper. As one of our research respondents put it:

*I shop all the time. Days, evenings, weekdays, weekends. Whenever I can get out. I shop at department stores and just as much at boutique shops. And I shop online—my favorite site is Alloy.com. I shop for sales and I shop for rare merchan-*



Doing  
Yoga

Is this person, at this moment, being a *CONSUMER*?

## “I Obey My Thirst!”

We intercepted Jackie Cooper, a 30-year old male, walking with a shopping bag in hand, in the Downtown Mall, Cincinnati. Our interviewer was Pamela Ryckman, a junior marketing student, who conducted the interview as part of her class project.

- Q.** Excuse me sir, would you mind answering a few questions for my class project?
- A.** Sure, you can ask me anything.
- Q.** Great, thank you. (Pointing at the shopping bag) What did you buy today?
- A.** I just bought this new fly Fubu jersey. It is uh, blue and yellow, double zero on the back. It's phat.<sup>1</sup>
- Q.** How do you buy your clothing?
- A.** You know, whatever looks good. Stay away from stripes though.
- Q.** Why?
- A.** Oh, it could make you look bulky, you know.
- Q.** What kind of clothes do you buy?
- A.** Well, I have a lot of Nike. My favorite is Fubu, you know. I also got Sean-John. That is the only kind of stuff I buy.
- Q.** Why do you like these brands? What do you look for when you buy clothes?
- A.** Its gotta be comfortable. I have to be able to move in it, or play ball in it, and still go to the clubs ... comfortable but still nice.
- Q.** Do you go on spending sprees?
- A.** Nah, I try to keep my platinum bill on the D.L.<sup>2</sup>
- Q.** Are you happy with the way you buy clothes?
- A.** Yeah, I got my own system. Hasn't failed me yet.
- Q.** Do you like shopping for clothes?
- A.** Clothes shopping? Yes, I like it. I love it. You know, I gotta keep my threads on top of the game.
- Q.** Is choosing clothes a problem for you?
- A.** Nah, I usually just try whatever catches my eye and I just buy it. I go in, do my business, and then I'm out. ... I am like flash ... you know flashin' in, flashin' out. Bling blingin'!
- Q.** What role does clothing play in your life?
- A.** See, I look at clothing like it's a part of me. It's like people be lookin' at my clothes. It is like they're seein' into my soul. You know what I mean? That's why I dress the way I dress.

1. Pretty hot and tempting; 2. Down-low

## A Consumer Interview



Makeup artist, Cincinnati, USA

- Q.** Do you pay attention to clothes advertising?
- A.** Nah, I just buy what I like; I will not bow to any sponsor. I buy what I want. I'm like Sprite—I obey my thirst. That is the way it is.

INTERVIEWER: Ok. Thank you for your time.

dise. If I am getting bored I will go to the mall. In fact if I don't go shopping for 2 or 3 days at a stretch, I begin to feel depressed. I buy very carefully, after full deliberation, but I browse a lot and I window-shop a lot. The mall is a place I couldn't live without. You could say I was born to shop. (Christy, 22)

**Consumer as Reveler** Finally, we all have visions of consumers just having a good time—at a restaurant, a rock concert, a beach resort on spring break—enjoying life with all the wonderful things the marketplace has to offer. Below are two excerpts from consumer interviews.

I am really big into smelling good. I spend hundreds of dollars on top name cologne. I feel that appearance and smell at first are what make the man what he is. I can be running to the grocery store and I put on cologne. (Chad, 22)

I love attending a live concert. Rap, country, rock, gospel, alternative—I love them all. My favorite band is Dave Matthews—I have got all 14 of their CDs and two live concert DVDs! (Joe, 23)

Here we have a snapshot of a group of consumers (see facing page). When it comes to consumers as revelers, a picture does speak a thousand words!

All of these visions are true. They exist not only in different consumers, but also sometimes in the same consumer. Thus, we are economic creatures at times, watching every penny; at other times, we just want to experience, just want to be revelers, with money as no object. Sometimes, we are assessing a product and soaking up all the information, with our internal computer drives whirring. A consumer is indeed multi-faceted. And our study will cover all these facets.

Now, we are ready to begin our formal study of consumer behavior.

## WHAT IS CONSUMER BEHAVIOR?

We define **consumer behavior** as the set of mental and physical activities undertaken by consumers to acquire and to consume products so as to fulfill their needs and wants.

Our definition of consumer behavior has several elements worth noting. Let us discuss these one by one.

**Mental and Physical Activities** First, consumer behavior includes both mental and physical activities. **Mental activities** are acts of the mind, and they relate to what we think, feel, and know about products. **Physical activities** are, in contrast, acts of the human body, and they relate to what we do physically to acquire and to consume products.

When you are contemplating buying a product, even dreaming about it, you are engaging in a mental activity. You are also engaging in a mental activity when you are mulling over a product's benefits and risks; making sense of an advertisement; trying to remember the price of a product in the store you previously visited; trying to recall what Dr. Oz said the other day, on his TV show, about the benefits of eating chia seeds; or just wondering if a three-buttoned suit jacket will be good to wear to a forthcoming job interview, or if, instead, you should stick to the more conservative two-buttoned jacket.

Physical activities include visiting stores, clipping coupons, talking to salespeople, test-driving a car, placing an item in the shopping cart, abandoning a shopping cart, and saving empty cartons for later recycling. Physical activities entailed in actual consumption are also included—such as preparation to consume (e.g., setting the table, blotting grease from pizzas and fries, etc.), consumption situations (e.g., choosing takeout or dining in, using a cell phone while driving), consumption rituals (e.g., a makeup regimen), or routine trivial behaviors (e.g., TV channel flipping). Indeed, it is by observing consumer inconveniences and improvisations during product use that marketers often conceive of new products and tailor their communications. Some activities are hybrids—both physical and mental—such as reading *Consumer Reports* or product labels.

It should be noted that the mental and physical activities we study under consumer behavior are not limited to specific acts of buying and using products. Rather, they include activities that the consumer undertakes in preparation for and prior to the actual buying act, and they also include activities that continue long after a product is actually consumed or used. When a consumer hears a friend praising a product and makes a mental note to try it some time in the future, this preparatory activity is part of consumer behavior. Likewise, if a few months after using a product, the consumer suddenly recalls the experience of using that product and chuckles about it, enjoying the memory of past consumption, then that post-use mental activity is also consumer behavior.

**Product** Second, we use the term *product* broadly, to refer to any physical or nonphysical product or service that offers some benefit to the consumer, including a place, a person, or an idea offered for exchange. Thus, not only are physical products such as cars, shirts, and golf clubs included, but so too are services such as a fitness club, a college education, a TV program, and a “breakup letter service”—more on that later. Also included are places such as vacation destinations, outlet malls, or video arcades. And persons, such as political candidates seeking your votes are included. And, finally, ideas are included, such as veg-

Just wondering if a three-button suit jacket will be proper is also Consumer Behavior.



etarianism or promoting Occupy Wall Street. The important point here is that casting your vote for a candidate is just as good an example of consumer behavior as is buying a brand of toothpaste; so is visiting a museum, choosing a college, watching *Jobs* (the movie), displaying a “Save Our Environment” bumper sticker on your new, Tesla Model S, or planning to donate to Stand Up To Cancer, or deciding not to donate to the Octomom (Nadya Suleman) fund.

**Consumers** Third, our definition includes the concept of *consumer*. In general, a consumer is anyone engaged in the acquisition and use of products and services available in the marketplace. Although a few humans on our planet might well be living lives sustained entirely by self-produced products and services (rather than those acquired in the marketplace), most of us acquire the majority of the products and services we need and want through marketplace exchange. Each of us, therefore, is a consumer.

The use of the term *consumer* in this text is broader than in practice, where different marketers call them, instead, by different names. For example, retail stores generally refer to their patrons as *customers* (rather than as *consumers*); so do utility companies (e.g., electricity or phone service providers), financial companies (e.g., banks), and service providers (e.g., palm readers). Professional service providers (e.g., lawyers, real estate agents, tax advisors) refer to them as *clients*, or by their more context-specific roles (e.g., doctors call them *patients*, educators call them *students*, fund-raisers call them *donors*, etc.). Only manufacturers (e.g., Procter & Gamble, Unilever, Kraft, Cadbury, Molson, Britvic, etc.), who do not routinely deal with the end-users of a product directly, refer to these household end users as *consumers*. In this text, however, we refer to all of these kinds of acquirers and users of products and services as *consumers*.

Our use of the term *consumer* also goes beyond its literal meaning—persons who “consume.” Of course, some products do get consumed, such as food items, but other products do not get “consumed” (i.e., depleted), such as household appliances or other durables. For these products, we are users rather than consumers. Again, we will use the term *consumers* to refer to the users of all products or services, whether these products are consumables or durables.

Correspondingly, we define **consumption** as any and all usage of products whether or not the products are actually “consumed” away; i.e., depleted. Thus, when we look at our digital pictures and we show them or e-mail them to others, we are consuming these pictures. And, of course, activities such as TV viewing, visiting art galleries, and tweeting and retweeting messages on Twitter also count as consumption.

**Needs and Wants** Finally, two important words in our definition are *needs* and *wants*. *Needs* and *wants* are perhaps the two words most freely used by consumers—“freely” in the sense that consumers seldom ponder before uttering these words. They utter these words merely, but unmistakably, to indicate their desire or intent to possess and/or consume something. Philosophers of diverse ilk have ruminated for centuries as to what *need* and *want* mean, and understandably there is no consensus. Consequently, consumer researchers who study consumer needs and wants also vary in their definitions of the terms. Indeed, it would be futile to search for a definition on which everyone would agree. So, below are the definitions we will use in this book.

Photos courtesy of Arden E. John, South Korea



Consumers as Revelers: Bo Ring Mud Festival South Korea

**Customers, clients,  
patients, tourists,  
donors, students—  
all are consumers.**

**Philosophers of diverse  
ilk have ruminated for  
centuries as to what  
*need* and *want* mean.**





## A Need is Not a Product. A Product is Not a Need.

A **need** can be defined as a discomforting human condition. It can be discomforting in a physiological sense or in a psychological sense. Examples of *physiologically* discomforting conditions are sensations of hunger or cold; examples of discomforting *psychological* conditions are feeling bored, feeling insecure, or experiencing being looked down upon. As consumers, we seek products or services in the marketplace exchange so as to alleviate these conditions of discomfort. A **want** is a desire for a specific object or product. The consumer who wants a product judges that it would restore his or her condition to a satisfactory state. Thus, the felt discomfort of a hungry stomach is a need; desire for food and for a specific kind of food is a want. Feeling insecure is a need; desire for the latest model of Nike shoes, even when barely within one's means, is a want. Thus, a product is *not* a need; it is a *solution* to a need.<sup>2</sup>

The definitions we use here differ from common speech, where needs are equated with necessities, and wants with luxuries. There are good reasons for this, which we will explore in a later section. For now, just remember that *need* is your felt discomfort, period. And remember also that the discomfort has to be perceived by the person himself or herself. Thus, a need is not someone else's assessment of your condition. I cannot say that your hair looks long, so you need a haircut, or, that you don't need an iPad, or the latest game for your Wii. Or that you don't need to have your Avatar reside in Second Life. It is for you to decide if not having these things is discomforting for you, psychologically speaking. Indeed, then, *need* is a very subjective word. It is a very personal feeling.




**WANT?  
NEED?  
SAME DIFFERENCE**

**Need is a very subjective feeling—this important consumer sentiment is elegantly captured in this ad for Nissan 370Z.**

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**THE ALL-NEW NISSAN Z**  
Starting at \$29,930. The attraction of the all-new Nissan 370Z<sup>™</sup> is far more than physical. With its staggering 332 horsepower, the world's first SynchroRev Match Manual Transmission<sup>\*</sup> and finely crafted interior, every detail only makes you want it more. Or is it need? For more information, visit us at [NissanUSA.com](http://NissanUSA.com).



**SHIFT\_** the way you move

As shown \$37,460. 370Z Touring with Sport Package. Prices are MSRP excluding tax, title, license and destination charge. Dealer sets actual price. <sup>\*</sup>Available feature. Always wear your seat belt, and please don't drink and drive. ©2009 Nissan North America, Inc.

## EXCHANGE, RESOURCES, AND VALUE

### Three Essentials of Consumer Behavior

There are three essential elements in all consumer behavior. Without these, no “consumer behavior” can occur. And they work in unison—inseparably, as three grand enablers of consumer behavior. These are exchange, resources, and value. Let us examine each.

### EXCHANGE

**Exchange** refers to an interchange between two parties where each receives from the other something of more value and gives up something of less value. Within that specific exchange, what is given up is of less value to the giver than it is to the receiver, so that both parties gain more in value than they give up. Thus, when we buy a shirt, we part with our money (say, 20 dollars or 40 rubles or 25 Euros or 120 pesos or 80 yen) because, at that time, that particular shirt is more valuable to us than keeping that money in our pockets; conversely, when we sell that shirt in a garage sale for one dollar, at that time, that shirt’s value to us is less than even one dollar.

Although an exchange can also occur between any two consumers, it is customary to call one of the parties the *marketer* and the other party the *consumer*. A **marketer** is an individual or an organization with an organizational goal to offer products and services in exchange for the consumer’s money or (occasionally) other resources. When a marketer primarily seeks money and has the making of money as the principal organizational goal, then that marketer is referred to as a **commercial entity**. When a marketer offers products and services either free of cost or at a nominal charge insufficient to cover costs or make any profit, the marketer is typically a **non-profit** or social organization. Typically, non-profit or social organizations promote ideas (e.g., smoking cessation) or persons (e.g., a presidential candidate). An important point here is that the study of consumer behavior is just as useful for non-profit and social and community organizations.<sup>3</sup>

### RESOURCES

A **resource** is something we own or possess that people value. Because people value those resources, more or less universally, we can, as consumers, use them to acquire a whole host of products and services. That is, as humans, we value resources ourselves, and, because other humans value them too, we can exchange some of them to satisfy our needs and wants.

### Five Resources

There are five types of resources: money, time, skills and knowledge, body and physical energy, and social capital. Of these, money is the most often used resource for marketplace exchanges—when we acquire products and services, we typically pay for them with money. We also use money to acquire the other four resources. We buy time-saving devices to gain more time; we hire maids so we ourselves don’t have to expend time in housekeeping chores. We buy books and take college courses to gain knowledge, we buy home-improvement books to learn to do handiwork, and we pay for lessons to acquire the skills needed to compete on *Dancing With The Stars*.

To build our bodies and enhance physical energy as a resource, we spend money and join a gym. We spend time doing yoga. And we buy vitamins and nutrition-supplements to get energy. Finally, we spend time and money to build **social capital**—the network of friends and professional connections that can be of help in our hours of need. We buy designer brand clothes that will help us gain acceptance among our peers. We spend time writing “thank you” notes and sending gifts to keep the friends we have. And we pay fees to join social clubs and associations to enlarge our social networks.<sup>4</sup>

Five  
Resources  
Humans  
Possess



Money

Time

Knowl-  
edge

Energy

Social  
Capital

Sometimes we use other resources so we can pay less in money. We pay, in part, with our time when we choose to take a cheaper airline flight with a stopover instead of a direct flight. Likewise when we buy a modular furniture system that we have to assemble ourselves, we exchange our time, physical energy, and skill set to save money. If we believe that we have the requisite skills, then we choose a low-fee discount broker rather than a full-service investment advisor, or we buy stocks online. We use our healthy bodies as resources when we donate blood or pledge to donate some organ. And good looks are themselves “exchanged” to attract a date, companion, or mate.

## VALUE

The third essential element in all consumer behavior is value. **Value** is the sum total of net benefits we receive from an activity or an exchange. Indeed, value is the core goal of all exchanges that humans undertake.

**Value, not money, is the basic currency of all human interaction. When we meet someone, we try to assess quickly how long it would be worth our while to be talking to that person. If an incoming phone call shows up on our caller ID, we promptly decide if we would gain anything by taking that call at that time.... It is even more true of marketplace exchanges. The only reason customers are even in the marketplace is that they are looking for something of value. (ValueSpace, 2001, p. 3-4.)<sup>5</sup>**

Value comes from all the benefits, all the desired outcomes that consumers obtain and experience from their use of products. When a cream eradicates our acne, that is a desired outcome to us and hence has value. When a musical play uplifts our moods, that is a desired outcome and hence has value. When wearing a particular suit or dress brings us compliments from others, we are receiving value. And when we feel good about ourselves having donated to a charity, we are experiencing value. In everything we buy, in everything we consume, in every advertisement to which we pay attention, from every salesperson to whom we lend our ears, in every store we enter, on every Web site we visit, we seek value.

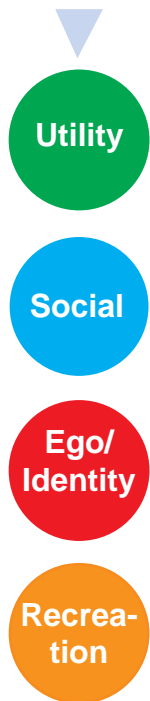
Thus, value comes in multiple forms. Basically, value accrues when some need is satisfied. Because human needs are countless, so also are forms of value. However, they can be categorized into four major types, captured in the acronym USER: (a) utilitarian, (b) social, (c) ego/identity, and (d) recreational.<sup>6</sup>

**Utilitarian** value is the set of tangible outcomes of a product’s usage (or of an activity). It comprises physical consequences of a product and its effects in the physical world around us and within us (i.e., in our bodies). Also called *functional value*, utilitarian value comes from objects when they enable us to manage our lives as biological and physical beings and to manage our external physical environments as well. Examples include filling our bellies with food, energizing our bodies with nutrients, moisturizing our skin with lotions, navigating physical distance by using a Segway™, etc. But don’t mistake utilitarian value as referring only to basic physical necessities. A computer that allows us to write and save letters, a personal jet that enables us to reach places at will, and a digital camera phone that lets us shoot pictures anytime anywhere, and then e-mail them instantly to our friends—these products yield specific benefits that are also utilitarian.

**Social value** comes from our ability to manage our social worlds (as opposed to the physical world). This includes maintaining warm and harmonious relations with others, fitting in with peers, and generally projecting a good image to others. Thus, we get social value when we wear brand name clothing with a certain brand image, and we get social value when we buy someone a gift to affirm our relationship. We also receive social value when we donate blood as part of an office drive, as well as when we boycott French imported products just because all our coworkers do.

**Ego/identity value** comes from our need to construct and nurture our identities or self-concepts, our sense of ego, our ideas of who we are. Thus, we eat vegetarian food because we value the identity of being an animal saver. We gain ego/identity value by recycling because we believe in preserving the environment. We wear Polo and Donna Karen

Four  
Values  
Consumers  
Seek  
in the  
Marketplace



and drive a Jaguar because we think these brands are very urbane and sophisticated, and we also view ourselves as urbane and sophisticated. Or alternatively, we wear, say, American Eagle and drive a Blazer because we want to nurture our self-identities as being very rugged.

Finally, **recreation value** comes from objects and activities when they recreate our moods and regenerate our mental ability—removing our fatigue and boredom, stimulating the senses, and rejuvenating our minds. Also called **hedonic value**, recreation value is obtained from wide ranging forms of consumption: from mild mood-lifters like listening to one's favorite music to the extreme exhilaration of watching one's favorite sports team win the championship game; from a short coffee break to wallowing in pleasure at the Venetian in Las Vegas.

Of course, many products and activities could simultaneously produce multiple values, and two consumers could use the same product to derive two different values. Thus, a consumer could wear Polo or Donna Karen clothing purely to impress others, whereas another person could wear them, not because of what others might think of them, but because he or she sees himself or herself that way. To us the clearest distinction between the two values (social and ego/identity) came from a consumer who said he buys name brand shirts and pants to make an impression, even though he thinks it is foolish to pay so much for them, and that when it comes to underwear, he buys a store brand; in contrast, another consumer bought only designer-brand underwear because he thought he “deserved it.”

Make no mistake about it: we sometimes choose a product to impress others, but sometimes we choose it purely to play out our sense of identity. Tons of expensive designer brand undergarments and a dozen or more personal grooming gadgets from Brookstone get chosen, not because of a desire to impress others (these products have low public visibility), but because we believe we are the kind of people who have the personalities suited to those brands.

Another point to note is that while a few products are entirely symbolic and have no physical utility (e.g., greeting cards), most products have utility value as a minimal core. Many products have physical utility and not much more (e.g., hardware products such as duct tape), but most products have, surrounding a physical, utilitarian core, some social, ego/identity, or recreational value. Clothing, cars, colognes, and being seen in a Starbucks Café sipping a \$4.50 Tazo® Vanilla Rooibos Tea Latte offer these multiple values, for example.

We will dwell on these more in subsequent chapters of the book, but for now let us remember the acronym USER as our code word to think of the four principal values consumers seek in the marketplace and in consumption.



### Are These Two People *Consuming* at This Moment?

**Yes, the clothes, for starters. Besides, whereas during yoga, we are expected to shut off our minds from all extraneous thoughts, few are able to. For all we know, these two persons might be thinking, individually, “I should, after all, buy a proper yoga mat.” Or, he might be contemplating which movie they should see later that evening, *Hugo* or *Midnight in Paris*. And she, whether to buy TomTom GO 740 LIVE, as the ultimate answer to his aversion (arguably a typical male trait) not to ask for directions.**

**Remember, evaluating impending purchases or contemplating future consumption is also consumer behavior.**

**Whether in actions currently unfolding or in thoughts laced with objects of desire, we are, at any given moment, more likely than not, being consumers. Indeed, then, we are consumers 24/7!**

## DOES MARKETING CREATE CONSUMER NEEDS?

Some people blame marketing for creating consumer needs. They charge that marketing creates a desire for products we don't need. Does it? Let us examine this closely. Mainly, this charge is based on two prevalent views of what a *need* is. First, the charge comes from those who define true needs as only the basic things we require for survival. Consequently, they argue that we only need a basic car, not a fancy car, but marketers create in us a desire for a fancy car, and that we do not need \$150 Nike shoes, but fancy advertising beguiles us into believing that we do.

The second definitional problem is that, in common parlance, a need is confused with a product. This leads to the argument that no one needed an iPad until Apple introduced iPads, and no one needed Botox treatments until Botox treatments became available. A discourse on whether or not we needed something is impossible if we use the terms *need* and *product* interchangeably.

In contrast, we have defined *need* as a condition (an unsatisfactory one), not as a product that improves that condition. So the need to create, store, access, and watch digital content on-the-go always existed; iPads provided a solution—a better solution. And the need to impress peers and express ourselves has always existed; Nike offers, and Botox treatments offer, to some consumers, a way to do it. Consider digital camera cell phones. Before they became available, we did not need digital camera cell phones. In fact, we did not even need cell phones. But the need to be able to call our moms or friends from a place with no pay phone nearby had always existed. And every once in a while we were in a place looking at something, some product, or some transient scene, and we wished we could capture it in a photo and show it to a friend far away in real time to get his or her opinion. We had always needed, too, the ability to see the caller's face on our tiny cell phone's screen. Since these possibilities were not available, we dreamed about them every once in a while and then pushed the thought away from our active attention. Until one day, science made the cell phone available, and then the cell phone with digital camera and e-mail capabilities, and we suddenly recognized these products as solutions to our long-



**Two consumers.  
Two different self-  
identities.  
Expressed through  
clothes.**

**Miguel Young, a “watch  
repair artist” (L) and Sean  
Foley, an eco-design  
professor,  
Fedora hat or tie-dye  
T-shirt—to each his  
own, courtesy of the  
marketplace.**

**(Incidentally, no amount of  
clever marketing can make  
Miguel trade his fedora hat  
for the tie-dye T. And Sean  
will absolutely, positively  
not do the trade either.  
They might as well, but not  
because of marketing.)**



dormant needs. But it was science that gave us those products, not marketing. Marketing brought the news and explained product functions and benefits. The same goes for every invention—from Post-it® Digital Notes to hair transplants, science made them available, and, *after* that, marketing brought us the information and offered the invention at a price (sometimes a hefty sum, mind you). And those who saw these products as solutions to their needs—the conditions that were bugging them—bought them immediately, without much persuasion, whereas others waited a while or never bought them at all (a high intensity marketing effort notwithstanding!).

Speaking of the products science has brought us, smart consumers would have discovered their benefits even in the absence of marketers, and from them, in turn, all consumers would have. Consumers who credit marketers with creating in them the need for all those new inventions are merely shifting responsibility from themselves to marketers.

What about products that are not scientific inventions, but mere packaging of image, we might ask? Like designer brands? Here, too, marketing receives more blame than it deserves. Imagine a world in which only one brand and one type of shoe (in all sizes, of course) was available, and only one brand and one style of clothes, and only one make and style of car. Would you then have been happier? There resides in us a need to differentiate ourselves, not to be stamped from a cookie cutter, to show something unique. What marketers do, to consumers' benefit, is simply to make those varieties, those differentiations in product offerings, available. And in countries where these products are not freely available (and where, therefore, there is no marketing), many consumers would kill to get them from the gray market if they could!

Somehow, consumers have their ideas of what will make them happy, and they will do anything to get those things, marketing or no marketing. (Without any promotion, iPhone 4S, launched in Australia, Canada, France, Germany, Japan, the UK, and the US on October 14, 2011, was sold out on a pre-order basis on the first day of availability! And Apple Watch launched on April 10, 2015 was sold out within 6 hours! When Nike released its outer space-themed limited-edition shoe, Foamposite Galaxy, on February 24, 2012, people lined up at the stores on the previous evening, and in several cities armed police with riot gear had to be called in to manage the unruly crowd!!) The important question, therefore, is this: Where do consumers get their ideas? From diverse sources, actually. From the media for one. From seeing what the sports celebrities are driving, and what the rap artists are wearing. And they observe people around them. Who is wearing the shirt not tucked in, or the skinny jeans? Who is driving a Prius, and who is walking with a *murse* (a male purse)? Thus, it is the media, and it is the society as a whole, the culture, the world around us, and what we see on the streets we are roaming—these are the sources of our desires. Marketing is a part of this environment, no more, and no less.

### The tattoo is already inside you!

Let us look at it another way. Consider how many products are introduced in a typical year, and how many of them become abysmal failures. With all the marketing prowess behind them, marketers just can't convince enough number of consumers to part with their money to buy those products. And then there is the battle of the brands. In clothing, there is Kenneth Cole, and there is Tommy Hilfinger. Open any issue of *GQ* or *Esquire* and you can find advertisements for both. Why, then, do we buy one brand and not the other? There is a very simple reason: Each brand makes a certain brand promise, each projects a certain image, each fits a certain consumer's inner self-image, and the consumer buys that which speaks to him or her. To other marketers, consumers vote "No"—with their wallets and purses. Yes, consumers respond to advertising, to marketing, but only to the brand and only to the marketer that in fact responds first to what is within the consumer already. As one tattoo artist, describing how he helps his clients choose a design, put it: "The tattoo is already within the consumer; all I do is bring it out for the world to see!"<sup>7</sup>



**The tattoo is already inside you!**

**This consumer, Victor Strunk, used to sixth-sense extra-terrestrial characters protecting him from dangers both from outside and from within, got them etched on his skin.**

Below, we summarize the arguments on the two sides of this debate.

#### REASONS FOR:

1. What consumers really need (for survival) are just the basics (e.g., food, clothing, shelter). As to all other products, consumers come to believe they need them because marketers tell them so.

2. Marketers create new products. Until then, consumers manage with whatever is available. By creating new products, marketers create consumer needs for those products.

3. Marketers package products and create messages that lure consumers. By themselves, many of the products would not have attracted consumers.

4. Marketers flood the media with commercials and deals; exposed to a barrage of commercial messages day-in and day-out, it is natural for consumers to succumb.

#### REASONS AGAINST:

1. To limit consumer needs to basic survival is to limit consumers to mere biological beings. As social and psychological beings, their social and psychological needs are just as important.

2. Products are not needs, so creating products cannot equal creating needs. Products are solutions to needs, which must already exist in consumers.

3. Many products fail despite heavy marketing. Thus, not marketing but the product's benefits (including social and psychological benefits) cause consumers to want them.

4. Consumers don't really trust marketers anyway. Rather, their product choices are based on advice from independent sources and influence from peers.

So now, dear reader, you must decide which side you are on.

### SEEING THE FUTURE FIRST: MEETING CONSUMERS' LATENT NEEDS

Consider the telephone. It is a miracle. It was invented in 1876. Suddenly, two persons continents apart could talk to each other. Since then, technology experts in phone companies have upgraded the device over the years, improving sound fidelity and adding new features such as pulse tone, and, later, speed dial, memory, and muting. But their gaze had long remained focused on the telephone device itself. And while they kept in mind the consumer need the device served, that need seems to have been understood in its most obvious form: the need to talk to someone not within hearing range. They did not look deeper; it was assumed, inadvertently, that whenever someone wanted to talk to a distant person, that other person would be available at that location and at that time, and that he or she would want to talk to the caller, without knowing who was calling. Furthermore, it was assumed that the two would speak the same language! After all, it was not until 1971 that the answering machine was invented.<sup>8</sup> And it was not until 1987 that caller ID was first offered to consumers.<sup>9</sup> It took more than a hundred years to address these telephone-related consumer needs. For nearly a century, scientists and marketers had failed to recognize these communication needs of consumers. No one had bothered to look deeper. Now, in the age of smartphones, iTranslate Voice app enables bilingual conversations among some 40 languages; alas, the voice is *virtual* and we must await another day in the future for translation in the human voice of our interlocutors.

### Marketing Is All About Satisfying a Consumer Need

Consider some other products to see if they *create* a new need, or, merely, albeit admirably, *satisfy* a latent need of consumers.<sup>10</sup>

**Self-watering Flower Pot** The pot has two chambers; the lower half is filled with water; and a wick from the top half, which contains soil, reaches out to the bottom chamber. Would you want to buy it? If yes, that is because the moment you saw it, you recognized it as the perfect solution to a latent need—the challenge of taking care of plants while on vacation. If not, then no amount of marketing effort would make you buy it.

**Hug Shirt** It has *wearable electronics*. It enables a person to send you a hug from far away. Here is how it works: It has two high-tech components, embedded in the fabric: (1) *sensors*



Eva Denmark  
& Tools Design

that can sense the strength of the touch, skin warmth, and the heart-beat of the sender at a distance; and (2) *actuators* that can reproduce the same sensations for the wearer. Bluetooth and special HugMe Java software enable the wearer to push buttons on his or her cellphone to hug a significant other miles away. The phone app transfers data on hug pressure, skin temperature, heart rate, and hug duration, which are then picked up at the other end.

### Wearable technology

The Hug Shirt is an example of what is known as *wearable technology*. Using the same technology, We:eX (Wearable Experiments) has designed jackets that enable the wearer to navigate a city. Called NAVIGATE, the jacket is currently available for New York, Paris, and Sydney. You wear the jacket and on your smartphone app select a destination in the city. On the jacket's sleeve, you will see instructions with lights indicating the navigation path. And on your body, you will feel the vibrations, which alert you when to turn and in which direction. The company's Web site describes the jacket thus:

**The technology built into the jacket is subtle and unobtrusive and the design is appealing—it's a fashion garment, not just a functional device, created for the city explorer.**

The company has now taken the wearable tech experience to a new height in a product called *Fox Alert Shirt*. It is a fan jersey that enables sports fans to experience the same emotion as the player does at the moment of a specific play in the game. In the words of its developers:

**Alert shirt connects humans across vast distances and brings electronic emotions to life. Now you can experience frustrations and joys during an active game in a new way that we have never experienced before.**

Although the consumption joy of wearable technology is made clear by the above examples, we would be remiss if we did not tell you the story of Lechal, a haptic footwear, because its inspiration came from a place unexpected and a mission heart-warmingly noble. The company is a 2011 technology start up, Ducere Technology, based in Hyderabad, India. Lechal (in Hindi, the word means “take me along”) is the world's first haptic footwear, designed to help a blind person navigate more easily. Combined with a smartphone app, the wearer hears voice commands, and vibrations at the oncoming turns. And, of course, it detects objects in the pathway of the blind.

The company has now extended its original shoe for the blind into a line of shoes for everyone. The shoe offers navigation to anyone (much like the NAVIGATE jacket); the footwear is supported without data connection, and therefore it can provide directions with no mobile services. You can buy the shoes or only the insoles (and, of course, the stylish Hot Pods that snap into the footwear and serve as command centers for the shoe or insole). Explains the company's Web site:

**Simply snap the Lechal pods into your smart footwear, set your destination in the app and you're good to go. No maps, no hands, no audio, no screen notifications, no distractions—just you and your super smart shoes!**

### Would You Buy These Products?

Now, let us consider briefly what role marketing plays (or will play) for these products. Consider the Hug Shirt. Will we buy it? If the wearable vest doesn't cost too much, some of us just might. But, and this is an important “but,” only if the sensations are realistic, and only if we can bring ourselves to believe that the hug we just experienced felt just as if the other person were in “touching proximity.” If not, no amount of marketing prowess will get us to part with our money. The truth is, many of us can't wait to try it on—at least as a novelty experience, initially, and then, later, to use as a real emo-interface with a loved one far away.



Hug Shirt  
from CuteCircuit



Lechal haptic shoe  
(Image: courtesy Ducere  
tech.com)



What about the NAVIGATOR jacket and Lechal shoes? Will you seek them out? Yes or no, whatever your answer, it is *your* answer—the outcome of *you* determining if they will meet any of your needs. Would a million-dollar ad campaign make you buy it? No, a million-dollar ad campaign will make *you*, at most and if at all, reassess if the product would bring you any benefits you value. That is all.

As these examples show, rather than creating needs in consumers, what marketing does best is invent new solutions to meet consumers' needs (overt or latent), and communicate the new and enhanced value these new products bring to relevant segments of consumers.

## CREATING CONSUMER VALUE: THE SUPREME PURPOSE OF BUSINESS

What is the purpose of marketing? For that matter, what is the basic purpose of business itself? To make money? “Wrong,” says Harvard professor Theodore Levitt, who explains this by an analogy: all humans have to breathe to survive, but breathing is not their *purpose*. Likewise, making money cannot be called the purpose of business.<sup>11</sup> The basic purpose has to relate to why society allows businesses to exist. It is, says Peter F. Drucker, one of the world's leading management gurus, “to create and keep a customer.”<sup>12</sup>

For consumers, marketing is the “face” of a business. It is the marketing's job to align what the business produces and creates and what the consumer needs and wants. Marketing does not create a need. It creates a satisfied consumer. And in striving to do so, its practitioners—marketers—serve a very important role for consumers, and for society. They create products they hope will satisfy the latent needs of some segment of consumers; or they commercialize the inventions of inventors, adapting them to suit consumer needs and tastes. They bring, too, art, culture, aesthetics, design, and creativity to morph and sculpt a socio-cultural identity for a given product—the so-called *brand image*, the one they hope will resonate with the target consumer. However, creating that brand image in the marketer's own image will bring all that multi-million dollar effort and all that marketing prowess to naught; creating it, instead, as they should, in the target consumer's image will bring the admiration (and economic votes; i.e., dollars or Euros or yen) of its target consumers.

To create a product in the consumer's image, marketers must labor to understand consumers' needs and wants, desires and motives, self-concepts and identities; they must then craft their products so that they solve consumers' relevant problems and fulfill their dreams. Marketers must labor, as well, to decide what price will make for a good value for the consumer and still bring the firm fair economic returns on its investment. Marketing brings the product to consumers' doorsteps, or to the Web portals on their cell phone screens. And it creates the physical, social, and cultural milieu that smooths the product acquisition process for consumers and that invites, enables, and enhances consumers' consumption experiences. The art of doing this right is the profession of marketing. This is, in effect, the supreme mission of marketing.

How do we fulfill this mission? How do we create a satisfied customer? How else but by studying consumers, by analyzing how a consumer thinks, feels, and acts in the marketplace and how he or she connects products and specific brands to his or her needs and aspirations. By seeing the “proverbial ‘tattoo’ that is already within the consumer,” so to speak. That is why understanding consumer behavior is of paramount importance to the success of all organizations, commercial or social.