

may have another friend who has a reputation for being stylish and who spends *his* free time reading fashion and lifestyle magazines and shopping at trendy boutiques. While you might not bring up your stereo problem with him, you may take him with you to shop for a new wardrobe.

This so-called opinion leadership is an important influence on a brand's popularity in many categories. The market for sports accessories is among these, where both celebrity endorsements (see Chapter 6) and sponsorship are major marketing tools in order to form opinions. The American Gatorade sports drink company made its entrance on the British market on an exclusive opinion leadership basis, sponsoring sports events and professionals like the captain of the national cricket team, but without any major promotion of the product itself. This suspense strategy created curiosity, interest and enquiries, and probably pre-shaped a lot of opinion leaders' opinions about the product before its major launch in distribution outlets.<sup>117</sup>

### The nature of opinion leadership

Everyone knows people who are knowledgeable about products and whose advice is taken seriously by others. These individuals are **opinion leaders**. An opinion leader is a person who is frequently able to influence others' attitudes or behaviours.<sup>118</sup> Some people's recommendations carry more weight than others.

Opinion leaders are extremely valuable information sources for a number of reasons:

- They are technically competent and thus convincing because they possess expert power.<sup>119</sup>
- They have pre-screened, evaluated and synthesized product information in an unbiased way, so they possess knowledge power.<sup>120</sup> Unlike commercial endorsers, opinion leaders do not represent the interests of one company. They are more credible because they have no 'axe to grind'.



Opinion leadership is a big factor in the marketing of athletic shoes. Many styles first become popular in the inner city and then spread by word-of-mouth.

Carl Schneider/Getty Images, Inc.

- They tend to be socially active and highly interconnected in their community.<sup>121</sup> They are likely to hold offices in community groups and clubs and to be active outside of the home. As a result, opinion leaders often have legitimate power by virtue of their social standing.
- They tend to be similar to the consumer in terms of their values and beliefs, so they possess referent power. Note that although opinion leaders are set apart by their interest or expertise in a product category, they are more convincing to the extent that they are *homophilous* rather than *heterophilous*. **Homophily** refers to the degree that a pair of individuals is similar in terms of education, social status and beliefs.<sup>122</sup> Effective opinion leaders tend to be slightly higher in terms of status and educational attainment than those they influence but not so high as to be in a different social class.
- Opinion leaders are often among the first to buy new products, so they absorb much of the risk. This experience reduces uncertainty for others who are not as courageous. Furthermore, whereas company-sponsored communications tend to focus exclusively on the positive aspects of a product, the hands-on experience of opinion leaders makes them more likely to impart *both* positive and negative information about product performance.

Whereas individual behavioural and psychological traits are the most important in identifying opinion leaders, there are some indications that opinion leadership does not function the same way in different cultures. For example, there are cultural differences in how much people rely on impersonal vs. personal information. In a study of opinion leadership in 14 European countries plus the USA and Canada, the countries most characterized by the use of impersonal information seeking (from consumer magazines, etc.) were Denmark, Norway, Sweden and Finland, whereas the countries least characterized by impersonal information seeking were Italy, Portugal and Spain.<sup>123</sup>

#### The extent of an opinion leader's influence

When marketers and social scientists initially developed the concept of the opinion leader, it was assumed that certain influential people in a community would exert an overall impact on group members' attitudes. Later work, however, began to question the assumption that there is such a thing as a *generalized opinion leader*, somebody whose recommendations are sought for all types of purchases. Very few people are capable of being expert in a number of fields. Sociologists distinguish between those who are *monomorphic*, or expert in a limited field, and those who are *polymorphic*, or expert in several fields.<sup>124</sup> Even opinion leaders who are polymorphic, however, tend to concentrate on one broad domain, such as electronics or fashion.

Research on opinion leadership generally indicates that although opinion leaders do exist for multiple product categories, expertise tends to overlap across similar categories. It is rare to find a generalized opinion leader. An opinion leader for home appliances is likely to serve a similar function for home cleaners but not for cosmetics. In contrast, a *fashion opinion leader* whose primary influence is on clothing choices may also be consulted for recommendations on cosmetics purchases, but not necessarily on microwave ovens.<sup>125</sup>

#### Opinion leaders vs. other consumer types

Early conceptions of the opinion leader role also assumed a static process: the opinion leader absorbs information from the mass media and in turn transmits data to opinion receivers. This view has turned out to be overly simplified; it confuses the functions of several different types of consumers. Furthermore, research has shown some evidence that the flow of influence is not one-way but two-way, so that opinion leaders are influenced by the responses of their followers.<sup>126</sup> This would reflect a more complex communication situation as described by the interactive communication model discussed in Chapter 6.

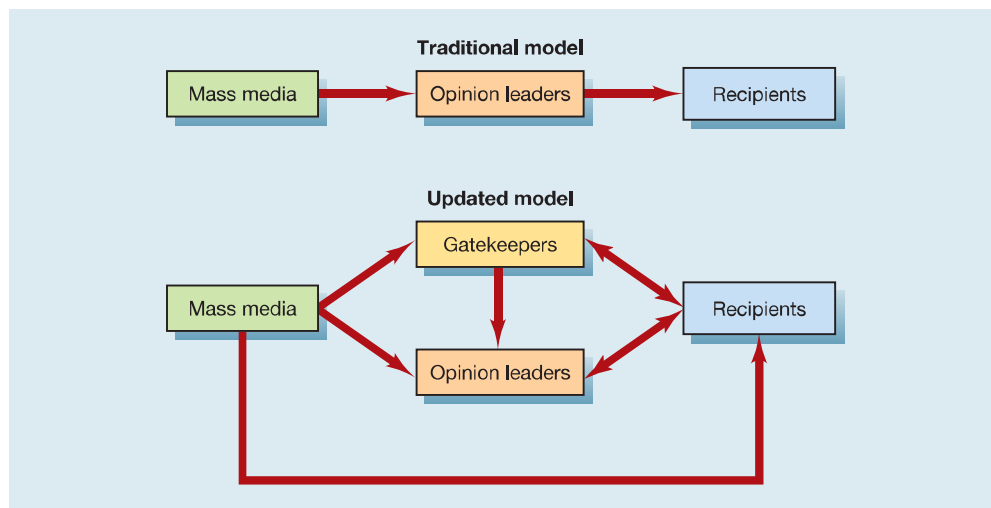
Opinion leaders may or may not be purchasers of the products they recommend. Early purchasers are known as *innovators* (see Chapter 15). Opinion leaders who are also early purchasers have been termed **innovative communicators**. One study identified a number of characteristics of male university students who were innovative communicators for fashion products. These men were among the first to buy new fashions, and their fashion opinions were incorporated by other students into their own clothing purchases. Other characteristics included:<sup>127</sup>

- They were socially active.
  - They were appearance-conscious and narcissistic (i.e., they were quite fond of themselves and self-centred).
  - They were involved in rock culture.
  - They were heavy magazine readers.
  - They were likely to own more clothing, and a broader range of styles, than other students.
  - Their intellectual interests were relatively limited.
- ▶ Opinion leaders also are likely to be **opinion seekers**. They are generally more involved in a product category and actively search for information. As a result, they are more likely to talk about products with others and to solicit others' opinions as well.<sup>128</sup> Contrary to the static view of opinion leadership, most product-related conversation does not take place in a 'lecture' format in which one person does all of the talking. A lot of product-related conversation is prompted by the situation and occurs in the context of a casual interaction rather than as formal instruction.<sup>129</sup> One study, which found that opinion seeking is especially high for food products, revealed that two-thirds of opinion seekers also view themselves as opinion leaders.<sup>130</sup> This updated view of interpersonal product communication is contrasted with the traditional view in Figure 10.4.

#### The market maven

- Consumers who are expert in a product category may not actively communicate with others, whereas other consumers may have a more general interest in being involved in product discussions. A consumer category called the **market maven** has been proposed to describe people who are actively involved in transmitting marketplace information of all types. Market mavens are not necessarily interested in certain products and may not

**Figure 10.4** Updated opinion leadership model



**Figure 10.5** Scale items used to identify market mavens

1. I like introducing new brands and products to my friends.
2. I like helping people by providing them with information about many kinds of products.
3. People ask me for information about products, places to shop, or sales.
4. If someone asked me where to get the best buy on several types of products, I could tell him or her where to shop.
5. My friends think of me as a good source of information when it comes to new products or sales.
6. Think about a person who has information about a variety of products and likes to share this information with others. This person knows about new products, sales, stores, and so on, but does not necessarily feel he or she is an expert on one particular product. How well would you say this description fits you?

Source: Adapted from Lawrence Feick and Linda Price, 'The market maven: A diffuser of marketplace information', *Journal of Marketing* 51 (January 1987): 83-7.

necessarily be early purchasers of products; they're just into shopping and staying on top of what's happening in the marketplace. They come closer to the function of a generalized opinion leader because they tend to have a solid overall knowledge of how and where to procure products. A scale that has been used to identify market mavens is shown in Figure 10.5.<sup>131</sup>

### The surrogate consumer

► In addition to everyday consumers who are influential in influencing others' purchase decisions, a class of marketing intermediary called the **surrogate consumer** is an active player in many categories. A surrogate consumer is a person who is hired to provide input into purchase decisions. Unlike the opinion leader or market maven, the surrogate is usually compensated for his or her advice.

Interior designers, stockbrokers or professional shoppers can all be thought of as surrogate consumers. Whether or not they actually make the purchase on behalf of the consumer, surrogates' recommendations can be enormously influential. The consumer in essence relinquishes control over several or all decision-making functions, such as information search, evaluation of alternatives, or the actual purchase. For example, a client may commission an interior designer to update her house, and a broker may be entrusted to make crucial buy/sell decisions on behalf of investors. The involvement of surrogates in a wide range of purchase decisions tends to be overlooked by many marketers, who may be mis-targeting their communications to end-consumers instead of to the surrogates who are actually sifting through product information.<sup>132</sup>

## Identifying opinion leaders

Because opinion leaders are so central to consumer decision-making, marketers are quite interested in identifying influential people for a product category. In fact, many ads are intended to reach these influentials rather than the average consumer, especially if the ads contain a lot of technical information.

### Professional opinion leaders

Perhaps the easiest way to find opinion leaders is to target people who are paid to give expert opinions. *Professional opinion leaders* are people such as doctors or scientists who obtain specialized information from technical journals and other practitioners.

Marketers who are trying to gain consumer acceptance for their products sometimes find it easier to try to win over professional opinion leaders, who (they hope) will, in turn, recommend their products to customers. A case in point is the effort by Roc SA, maker of Europe's leading brand of hypoallergenic lotions, to break into the lucrative American market for skin-care products. Instead of competing head-to-head with the lavish consumer advertising of Revlon or Estée Lauder, the French company decided first to gain medical acceptance by winning over pharmacists and dermatologists. In 1994 the company began advertising in medical journals, and the product was distributed to dermatologists and to pharmacies patronized by patients of dermatologists. A free telephone number was established to provide interested consumers with the names of pharmacies carrying the range.<sup>133</sup>

Of course, this approach may backfire if it is carried to an extreme and compromises the credibility of professional opinion leaders. In several countries, the medical industry has a dubious reputation of 'bribing' doctors with invitations to product presentations disguised as conferences, often held in glamorous places.

### Consumer opinion leaders

Since most opinion leaders are everyday consumers and are not formally included in marketing efforts, they are harder to find. A celebrity or an influential industry executive is by definition easy to locate. He or she has national or at least regional visibility or may be listed in published directories. In contrast, opinion leaders tend to operate at the local level and may influence five to ten consumers rather than an entire market segment. In some cases, companies have tried to identify influentials and involve them directly in their marketing efforts, hoping to create a 'ripple effect' as these consumers sing the company's praises to their friends. Many department stores, for instance, sponsor fashion panels, usually composed of adolescent girls, who provide input into fashion trends, participate in fashion shows and so on.

Because of the difficulties involved in identifying specific opinion leaders in a large market, most attempts to do so instead focus on exploratory studies where the characteristics of representative opinion leaders can be identified and then generalized to the larger market. This knowledge helps marketers target their product-related information to appropriate settings and media. For example, one attempt to identify financial opinion leaders found that these consumers were more likely to be involved in managing their own finances and tended to use a computer to do so. They were also more likely to follow their investments on a daily basis and to read books and watch television shows devoted to financial issues.<sup>134</sup>

### The self-designating method

The most commonly used technique to identify opinion leaders is simply to ask individual consumers whether they consider themselves to be opinion leaders.

However, there are obvious problems with self-designation. While respondents who report a greater degree of interest in a product category are more likely to be opinion leaders, the results of surveys intended to identify *self-designated opinion leaders* must be viewed with some scepticism. Some people have a tendency to inflate their own importance and influence, whereas others who really are influential might not admit to this quality or be conscious of it.<sup>135</sup> Just because we transmit advice about products does not mean other people *take* that advice. For someone to be considered a bona fide opinion leader, his or her advice must actually be heard and heeded by opinion seekers. An alternative is to select certain group members (*key informants*) who in turn are asked to identify opinion leaders. The success of this approach hinges on locating those who have accurate knowledge of the group and on minimizing their response biases (the tendency to inflate one's own influence on the choices of others).

While the self-designating method is not as reliable as a more systematic analysis (in which individual claims of influence can be verified by asking others whether the person

**Figure 10.6** A revised and updated version of the opinion leadership scale

Please rate yourself on the following scales relating to your interactions with friends and neighbours regarding \_\_\_\_\_.

1. In general, do you talk to your friends and neighbours about _____:				
very often				never
5	4	3	2	1
2. When you talk to your friends and neighbours about _____ do you:				
give a great deal of information			give very little information	
5	4	3	2	1
3. During the past six months, how many people have you told about a new _____?				
told a number of people				told no one
5	4	3	2	1
4. Compared with your circle of friends, how likely are you to be asked about new _____?				
very likely to be asked			not at all likely to be asked	
5	4	3	2	1
5. In discussion of new _____, which of the following happens most?				
you tell your friends about _____			your friends tell you about _____	
5	4	3	2	1
6. Overall in all of your discussions with friends and neighbours are you:				
often used as a source of advice			not used as a source of advice	
5	4	3	2	1

Source: Adapted from Terry L. Childers, 'Assessment of the psychometric properties of an opinion leadership scale', *Journal of Marketing Research* 23 (May 1986): 184-8; and Leisa Reinecke Flynn, Ronald E. Goldsmith and Jacqueline K. Eastman, 'The King and Summers opinion leadership scale: revision and refinement', *Journal of Business Research* 31 (1994): 55-64.

is really influential), it does have the advantage of being easy to administer to a large group of potential opinion leaders. In some cases not all members of a community are surveyed. One of the original measurement scales developed for self-designation of opinion leaders is shown in Figure 10.6.

### Sociometry

A web-based service has been created that is based on the popular play *Six Degrees of Separation*. The basic premise of the plot is that everyone on the planet is separated by only six other people. The website ([www.sixdegrees.com](http://www.sixdegrees.com)) allows a person to register and provide names and email addresses of other people, so that when the user needs to network a connection is made with others in the database.

- This site is a digital version of more conventional **sociometric methods**, which trace communication patterns among group members and allow researchers systematically to map out the interactions that take place among group members. By interviewing participants and asking them to whom they go for product information, researchers can identify those who tend to be sources of product-related information. This method is the most precise, but it is very hard and expensive to implement because it involves very close study of interaction patterns in small groups. For this reason, sociometric techniques are best applied in a closed, self-contained social setting, such as in hospitals, prisons, and army bases, where members are largely isolated from other social networks.

Many professionals and services marketers depend primarily on word-of-mouth to generate business. In many cases consumers recommend a service provider to a friend or fellow worker, and in other cases business people will make recommendations to their customers. For example, only 0.2 per cent of respondents in one study reported choosing a physician based on advertising. Advice from family and friends was the most widely used criterion.<sup>136</sup>

Sociometric analyses can be used to better understand *referral behaviour* and to locate strengths and weaknesses in terms of how one's reputation is communicated through a community.<sup>137</sup> *Network analysis* focuses on communication in social systems, considers the relations among people in a *referral network*, and measures the *tie strength* among



them. Tie strength refers to the nature of the bond between people. It can range from strong primary (e.g., one's partner) to weak secondary (e.g., an acquaintance whom one rarely sees). A strong tie relationship may be thought of as a primary reference group; interactions are frequent and important to the individual.

While strong ties are important, weak ties can perform a *bridging function*. This type of connection allows a consumer access between sub-groups. For example, you might have a regular group of friends who serve as a primary reference group (strong ties). If you have an interest in tennis, say, one of these friends might introduce you to a group of people who play on the tennis team at the local club. As a result, you gain access to their valuable expertise through this bridging function. This referral process demonstrates the strength of weak ties.<sup>138</sup>

## ■ CHAPTER SUMMARY

- Consumers belong to or admire many different groups and are often influenced in their purchase decisions by a desire to be accepted by others.
- Individuals have influence in a group to the extent that they possess *social power*; types of social power include information power, referent power, legitimate power, expert power, reward power and coercive power.
- Brand communities unite consumers who share a common passion for a product. Brandfests organized by companies to encourage this kind of community can build brand loyalty and reinforce group membership.
- We conform to the desires of others for two basic reasons: (1) People who model their behaviour on others because they take others' behaviour as evidence of the correct way to act are conforming because of *informational social influence*, and (2) those who conform to satisfy the expectations of others or to be accepted by the group are affected by *normative social influence*.
- Group members often do things they would not do as individuals because their identities become merged with the group; they become de-individualized.
- Individuals or groups whose opinions or behaviour are particularly important to consumers are *reference groups*. Both formal and informal groups influence the individual's purchase decisions, although the impact of reference group influence is affected by such factors as the conspicuousness of the product and the relevance of the reference group for a particular purchase.
- The Web has greatly amplified consumers' abilities to be exposed to numerous reference groups. Virtual consumption communities are composed of people who are united by a common bond - enthusiasm about or knowledge of a specific product or service.
- *Opinion leaders* who are knowledgeable about a product and whose opinions are highly regarded tend to influence others' choices. Specific opinion leaders are somewhat hard to identify, but marketers who know their general characteristics can try to target them in their media and promotional strategies.
- Other influencers include *market mavens*, who have a general interest in marketplace activities, and *surrogate consumers*, who are compensated for their advice about purchases.
- Much of what we know about products comes about through word-of-mouth communication (WOM) rather than formal advertising. Product-related information tends to be exchanged in casual conversations. Guerrilla marketing strategies try to accelerate the WOM process by enlisting consumers to help spread the word.

- While word-of-mouth is often helpful for making consumers aware of products, it can also hurt companies when damaging product *rumours* or negative word-of-mouth occurs.
- Emerging marketing strategies try to leverage the potential of the Web to spread information from consumer to consumer extremely quickly. *Viral marketing* techniques enlist individuals to promote products, services, websites, etc. to others on behalf of companies. A new mode of online communication called blogging allows consumers to easily post their thoughts about products for others to see.
- Sociometric methods are used to trace referral patterns. This information can be used to identify opinion leaders and other influential consumers.

### ► KEY TERMS

<b>Aspirational reference groups</b> (p. 352)	<b>Normative influence</b> (p. 350)
<b>Blogosphere</b> (p. 355)	<b>Normative social influence</b> (p. 362)
<b>Brand community</b> (p. 358)	<b>Norms</b> (p. 361)
<b>Coercive power</b> (p. 361)	<b>Opinion leaders</b> (p. 374)
<b>Communities of practice</b> (p. 358)	<b>Opinion seekers</b> (p. 376)
<b>Comparative influence</b> (p. 350)	<b>Reactance</b> (p. 367)
<b>Conformity</b> (p. 361)	<b>Reference group</b> (p. 350)
<b>Consumer tribe</b> (p. 358)	<b>Referent power</b> (p. 360)
<b>Decision polarization</b> (p. 366)	<b>Reward power</b> (p. 361)
<b>De-individuation</b> (p. 365)	<b>Risky shift</b> (p. 366)
<b>Expert power</b> (p. 361)	<b>Rumour</b> (p. 371)
<b>Guerrilla marketing</b> (p. 369)	<b>Social comparison theory</b> (p. 363)
<b>Home shopping parties</b> (p. 366)	<b>Social power</b> (p. 359)
<b>Homophily</b> (p. 375)	<b>Sociometric methods</b> (p. 379)
<b>Identificational membership reference group</b> (p. 353)	<b>Surrogate consumer</b> (p. 377)
<b>Information power</b> (p. 360)	<b>Tribal marketing</b> (p. 358)
<b>Informational social influence</b> (p. 362)	<b>Viral marketing</b> (p. 370)
<b>Innovative communicators</b> (p. 376)	<b>Virtual community of consumption</b> (p. 354)
<b>Legitimate power</b> (p. 360)	<b>Weblog</b> (p. 355)
<b>Market maven</b> (p. 376)	<b>Word-of-mouth communication (WOM)</b> (p. 368)
<b>Negative word-of-mouth</b> (p. 370)	

## CONSUMER BEHAVIOUR CHALLENGE

- 1 Compare and contrast the five bases of power described in the text. Which are most likely to be relevant for marketing efforts?
- 2 Why is referent power an especially potent force for marketing appeals? What factors help to predict whether reference groups will or will not be a powerful influence on a person's purchase decisions?



- 3 Evaluate the strategic soundness of the concept of guerrilla marketing. For what types of product categories is this strategy most likely to be a success?
- 4 Discuss some factors that determine the amount of conformity likely to be observed among consumers.
- 5 Under what conditions are we more likely to engage in social comparison with dissimilar others versus similar others? How might this dimension be used in the design of marketing appeals?
- 6 Discuss some reasons for the effectiveness of home shopping parties as a selling tool. What other products might be sold this way?
- 7 Discuss some factors that influence whether membership groups will have a significant influence on a person's behaviour.
- 8 Why is word-of-mouth communication often more persuasive than advertising?
- 9 Is there such a thing as a generalized opinion leader? What is likely to determine if an opinion leader will be influential with regard to a specific product category?
- 10 The adoption of a certain brand of shoe or apparel by athletes can be a powerful influence on students and other fans. Should secondary school and university coaches be paid to determine what brand of athletic equipment their players will wear?
- 11 The power of unspoken social norms often becomes obvious only when these norms are violated. To witness this result first-hand, try one of the following: stand facing the back wall in a lift; serve dessert before the main course; offer to pay cash for dinner at a friend's home; wear pyjamas to class; or tell someone not to have a nice day.
- 12 Identify a set of avoidance groups for your peers. Can you identify any consumption decisions that are made with these groups in mind?
- 13 Identify fashion opinion leaders at your university or business school. Do they fit the profile discussed in the chapter?
- 14 Conduct a sociometric analysis within your hall of residence or neighbourhood. For a product category such as music or cars, ask each individual to identify other individuals with whom they share information. Systematically trace all of these avenues of communication, and identify opinion leaders by locating individuals who are repeatedly named as providing helpful information.
- 15 The strategy of *viral marketing* gets customers to sell a product to other customers on behalf of the company. That often means convincing your friends to climb on the bandwagon, and sometimes you get a small percentage return (or other reward) if they end up buying something.<sup>139</sup> Some might argue that means you're selling out your friends (or at least selling to your friends) in exchange for a marketing reward. Others might say you're just sharing the wealth with those you care about. Have you been involved in viral marketing by passing along names of your friends or sending them to a website such as **hotmail.com**? If so, what happened? How do you feel about this practice? Discuss the pros and cons of viral marketing.

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# 'It's just being a student isn't it?' - The story of a young binge drinker

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## CONTEXT

Alcohol is economically important in the UK with the value of the alcoholic drinks market estimated at more than £30 billion in 2004, providing employment for around 1 million people.<sup>1</sup> However, excessive alcohol consumption is recognized as an increasingly serious problem for Western countries and the public costs of alcohol are estimated at £20 billion per year, through health problems, lost productivity, crime and antisocial behaviour, and social harm including family breakdown.<sup>2</sup> Binge drinking is of particular concern in the UK and is prevalent among young people between the ages of 16 and 24. It is widely acknowledged that alcohol plays a key role in the lives of many undergraduate students with recent research suggesting that half the UK student population regularly binge drink. Despite increased financial hardship among the student population and widespread campaigns about the dangers of heavy drinking, students' alcohol expenditure was nearly £1 billion in 2004, £300 million more than on food.<sup>3</sup> Why is it that so many students choose to drink heavily? Melanie is a first year student at a British university. Here she talks about her social life at university and in particular focuses on her alcohol consumption.<sup>4</sup>

## MELANIE'S STORY

*'I know I perhaps drink too much but it's part of being a student isn't it? I don't drink much during the week... Well, apart from Mondays and Wednesdays, which are big student nights out. I tend to go out Monday, Wednesday, Friday and maybe Saturdays. Sometimes on a Sunday or Thursday I just go to a college bar but then I would just have an orange or a Diet Coke or something.*

*A typical night begins with anything up to two hours getting ready. Usually it will be more like an hour, but if it's a special occasion I will spend about two hours, making sure that everything is perfect - hair, nails, fake tan on my legs etc. I want to look my best! Sometimes we will have like a fashion show where all us girls parade our possible outfits to try and find something to wear. I don't have a good night if I don't feel good about myself at the start of the night. Also I enjoy this part of the evening, it's an important part of the run-up to going out - and*

*usually we will have a few drinks as we get ready. Often this is something fairly cheap like Lambrini.<sup>5</sup> We tend to go out about half past eight.*

*We tend to budget for the night by taking out a certain amount and only spending to that limit. I usually take like £20 or £25 out. And when that is finished, then that's it. I think it is different for me, 'cos I tend to be known for being a bit of a "heavyweight";<sup>6</sup> so I tend to drink more than the others. Some of my friends only take £15 out, although I know lads who will go out with £30. We know the drink prices in all the local bars and clubs so we tend to go to different places depending on what we fancy drinking. Last night I had two doubles in Bar Sol, followed by a few shots in Sensations, three cocktails in Lounge, and then three bottles in Prohibition. It's quite a lot [laughs] but I feel fine today. I remember one night working out that I drank 30 units in one night. And then I found out the other day that the recommended amount for a bloke for a week is 21 units.<sup>7</sup>*

*Wednesday is our big night out. There's usually about 15 of us go out together. We go to the Cotton Cub, which is a cheesy<sup>8</sup> nightclub, where most people I know tend to go. It's a student night and most weeks it's a wild night out. All the sports clubs go (e.g. football, hockey, rugby etc.). So it is expected of you if you are a member of any sports teams. There are always loads of people there and everyone is really drunk. The night ends at 3am, but I tend to go home earlier if the music is a bit boring or if I've sobered up a bit. I usually conk out<sup>9</sup> on the bus on the way home.*

*Why do I drink so much? I guess I drink because I like it and I like what it does to me. For me, the signs of good nights out are people doing funny things, making you laugh, dancing all night, being "hyper". I can't imagine nights out without alcohol. I do know people who don't drink when they are broke or if they are trying to lose weight, but for me personally I would rather just not go out. I don't see the point of going out and not drinking. It's a waste of money if you are not going to get drunk, especially as soft drinks are just as expensive as alcoholic ones. I like the taste of drink, and I like trying lots of different drinks - like banana schnapps or something random. I do it to be different. People are always saying "what's that? Can I try it?"*

*I see myself as friendly, bubbly and fairly confident, but I can also be a bit shy in some situations. I think my character changes a bit with the drink though. Like sometimes I am a bit coy when I see someone who I have seen the night before when I have been really lively and stuff. Also I might get a bit more aggressive when I am drunk, like I can sometimes come across as a bit rude and a bit "off" when I have had a few. But, mostly I think alcohol has a good effect, I am much more upbeat and have more of a laugh.*

*I do sometimes wonder what I am doing to my health, because I know I drink too much and I know it isn't exactly good for you. When I get really drunk my memory sometimes goes and the next day I can't remember things. The day after a big session someone will be like "you did this, you were chatting to this guy" and I'm like "I don't remember". That's quite worrying. My friends are like, "you have to stop getting that drunk". I've learnt about the brain in my psychology classes and I know a little about what drink does to your brain, and I reckon I am really damaging myself.*

*My sister calls me a binge drinker. She works full time and doesn't drink at all during the week. But she does at the weekend. She tells me I shouldn't drink like I do, that I should drink steadily throughout the week. And I think, well surely it's worse if you're drinking every night. My mum gives me lots of advice, she says "just make sure that you've got your friends with you" and "make sure you have one alcoholic drink and one non-alcoholic drink". She knows I drink a lot, although probably not how much, because she has picked me up on a few occasions when I've had big nights out at home. I think my mum thinks that it's just a phase I am going through. It's just being a student isn't it?*

*Sometimes when I am on the bus or something I see other people in the same sort of drunken state that I regularly get in. Sometimes it is funny, but at other times I think it's pathetic, and I guess it does make me stop and think about myself and my own behaviour. But then I think you are only young once and you are only a student once, I won't have the opportunity to drink so much once I start working full time.'*

## QUESTIONS

- 1 Identify the consumer behaviour theories you could draw on to identify the function(s) that alcohol fulfils

for Melanie and the means by which she seeks to rationalize her high levels of alcohol consumption.

- 2 Identify the important reference groups mentioned by Melanie. What effect(s) do they have on her behaviour and why are some of these reference groups more influential than others?
- 3 Are there similar examples of alcohol abuse and binge drinking in your country? (if yes, answer (a), if no, answer (b).)
  - (a) Does your government have a strategy concerning alcohol reduction and what are its key aspects? Drawing on Melanie's story which policies do you think are most likely to prove effective for young people and students?
  - (b) If not, why do you think binge drinking is not a problem in your society? Are there any other examples of excessive consumption behaviours in your society?
- 4 Look at the material on the Portman Group website (<http://www.portmangroup.org.uk/>). Drawing on the case material, which campaigns (if any) do you think would be effective in influencing the drinking habits of your peer group? Why?

## Notes

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4. The name of this consumer is fictional as are the names of the venues (i.e. bars and club) and do not relate to existing places known by these names.
5. Lambrini is a brand of sparkling perry drink.
6. Meaning she can 'take' her drink well.
7. The current UK government guidelines for alcohol consumption are no more than 3-4 units per day for men and 2-3 units per day for women. However, there is a tendency by consumers to translate these guidelines into a weekly allowance.
8. Colloquialism meaning not cool and trendy. A cheesy nightclub would typically refer to a venue playing chart music rather than any particular specialist music type.
9. Meaning falls asleep.

# Holiday decision-making: an adaptable and opportunistic ongoing process

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Consumers have traditionally been portrayed as rational and risk averse. As a consequence, consumer decision-making has been presented from a problem-solving or information processing perspective.<sup>1</sup> These models start from the assumption that any consumer need or desire creates a problem within the individual. The consumer undertakes to solve that problem by deciding a course of action in order to satisfy this need or desire. Decision-making typically entails five steps: need recognition, information search, evaluation of alternatives, product choice (purchase), and decision outcomes (post-purchase evaluation). An alternative view<sup>2</sup> has seen consumers' decision-making as a hierarchy of cognitive, affective and behavioural responses (i.e. the C-A-B sequence). Within the context of these two main approaches, existing models of holiday decision-making have seen it as: a rational process implying high involvement;<sup>3</sup> high risk perception;<sup>4</sup> extensive problem-solving and information search;<sup>5</sup> and a sequential evolution of plans which starts from the generic decision to go on holiday.<sup>6</sup>

The objective of this case is to show how consumer decision-making – within the context of going on holiday – may vary from these traditional tenets. We followed the holiday decision-making process of 27 Belgian households (singles, couples, families and groups of friends) over the course of a year. They were interviewed in-depth four times: three times before their summer holiday and once after it. Many interesting findings emerged which challenged traditional ways of understanding consumer decision-making.

Holiday decision-making proved to be an ongoing process which was not necessarily characterized by fixed sequential stages, and which did not stop once a decision had been made. Firstly, the generic decision about whether or not to go on holiday was not always the starting point; and sometimes this generic decision was irrelevant (for instance, in the case of regular holidaymakers). For example, a young family had two possible holiday plans. They had already decided on transportation (car), accommodation (camping), activities (beach and visits), and organization (by oneself). However, in April they still did not know whether or not they would go on holiday:

**Anne (F, 41, family):** *'Actually, it's not up to us to decide. There are administrative factors that stand in the way at the moment, and it is clear that if we're looking for a job, and he [her husband] finds a job starting on June 15th, it's not entirely appropriate to ask for holidays for the entire month of August! It would be a bit stupid to refuse a job on the grounds that you cannot go away on vacation this year. It is the second year where we do not have control over anything!'*

Secondly, there is seldom a linear (i.e. sequential and hierarchical) evolution of holiday plans. Situational factors, as well as levels of involvement, are responsible for many deviations and changes of mind. Daydreaming, nostalgia and anticipation are other important influences. Thirdly, final decisions and bookings are often made very late. There are a number of reasons for this, e.g. risk reduction, expectancy (situational variables), availability (opportunism), loyalty and personality. Finally, informants often expressed cognitive dissonance or post-decision regret, which they strove to reduce.

In the same way, information search is not always a well-defined stage in the holiday decision-making process. Information collection tends to be ongoing, and it does not stop when the holiday has been booked. Substantial amounts of information are gathered during and/or just after the holiday experience. Cognitive dissonance and prolonged involvement (hedonic consumption) are the major explanations for this. Moreover, information search is much less intensive and purposive than is usually assumed. A majority of holidaymakers could be described as low information searchers; they do not prepare their trip in much detail nor for a long time beforehand, rather they prefer serendipitous discoveries and the unexpected. When they were asked about whether or not they had already collected a lot of information about their forthcoming holiday in Tenerife in June, Vincent replied on behalf of a group of young friends:

**Vincent (M, 26, friend party):** *'No, it's on the spot. That's better unplanned, to decide on the day: "we'll go and visit this, we'll go and visit that". It's ... Planning everything in advance is a bit annoying.'*

**Interviewer:** *'So you prefer the unexpected and to organize everything once you arrive?'*

**Vincent:** *'Yes, it's better . . . to say already, to see the images and everything. When you arrive, you no longer see it in the same way. You pass it by and you do not even inquire about it because you have read about it, you are . . . It's better to go without having seen anything. You go, you discover and you're more amazed because you're discovering that . . .'*

Searching for holiday information tends to be memory-based (internal) rather than stimulus-based (external). Information is often collected accidentally and passively. Moreover, when information is collected it is not always used and/or sometimes it is put aside for later on. Finally, information collection is a weak predictor of actual choice but rather indicates preferences. Of course, the extent of information collection depends on the holidaymaker's levels of involvement and risk aversion.

Informants found it difficult to say when they started thinking about their current holiday project(s). 'Ever since our last holiday ended' was a typical answer. This is another indication that holiday decision-making is an ongoing circular process: as one holiday ends, then planning starts for the next one. The time during and just after a holiday is particularly fruitful for nurturing other projects. In fact, it appears that most holidaymakers are involved in a number of holiday plans all at the same time. These involve different time horizons, different types of decision-making units, different formulas, and different types of decision-making processes.

In general, holiday decision-making seems to be adaptable (Payne, Bettman and Johnson 1993) and opportunistic (Wilson & Wilson 1988). Incidental learning seems to play a bigger role than intentional learning. This is different from most existing models which assume the existence of a (bounded) rational, problem-solving holidaymaker. Holiday decision-making often takes account of contextual contingencies, and is triggered off incidentally through information collection or opportunities:

**Danièle (F, 44, family):** *'Sometimes, we still want to go somewhere, and then the opportunity arises. Our parents tell us "oh, we are going to Spain, would you like to join us?" and we say "why not?" and off we go. The times when we have gone away with Intersoc as monitors, it was also because your brother-in-law said: "you really don't want to go? You know, I need leaders . . ." And that's how it was decided! Six months earlier we wouldn't have known we were going there.'*

Adaptability and opportunism are even more obvious when looking at holidaymakers' decision strategies. Overall, these strategies are adapted according to the situation and, more particularly, to the type of decision-making unit in which they are involved. Heuristics tend to be constructed on the spot rather than being planned *a priori*. Moreover, a substantial number of informants did not use any well-defined strategies in making their holiday decisions. Needs and desires were connected with choice solutions just because they were evoked at the same time. Finally, holidaymakers preferred simple decision rules although these might not necessarily be accurate. In line with Bettman, Johnson and Payne's (1991) general properties of choice heuristics, it seems that holidaymakers' decision strategies are characterized by a limited amount of processing, selective processing (the amount of processing is not consistent across alternatives or attributes), qualitative rather than quantitative reasoning, attribute-based and non-compensatory rules (as contrasted with alternative-based and compensatory), and the lack of an overall evaluation for each alternative.

Findings further indicate that emotional factors are particularly powerful in shaping holiday choices. Sometimes, people make their holiday decisions according to momentary moods or emotions. The sudden and unforeseen nature of choices is highlighted: a person chooses according to a *coup de tête* (sudden impulse), *coup de plaisir* (sudden pleasure), or *coup de cœur* (falling in love). This suggests that the affective choice mode (Mittal 1988) is more relevant than the traditional information processing mode (Bettman 1979) as far as a highly experiential product such as holidays is concerned. In the same way, Holbrook's (1984) C-E-V (consciousness, emotion, value) model may be more appropriate to account for holiday decision-making rather than the classical C-A-B model. This hedonic and experiential view of consumer behaviour focuses on product usage, and on the hedonic and symbolic dimensions of the product. It is especially relevant for particular categories of products such as novels, plays, sporting events or travel.

However, some systematic themes can be detected in holiday decision-making. Holiday plans (destinations) move from being dreams (preferences or ideal level) to reality (expectation level) as time elapses. There is a growing commitment to choice. Sometimes, the preferred aspects of a holiday are replaced by second choices or alternative solutions. While holidaymakers tend to be optimistic and idealistic at the outset of their holiday plans, they become more realistic over time. The objective intervention or subjective perception of

contextual factors is the major reason for this shift. Contextual facilitators (e.g. occupation or the family situation) are first considered while contextual inhibitors (e.g. time or money budget) are taken into account later. Another interpretation of the shift from dream to reality is in terms of the FCB grid.<sup>7</sup> The 'feel-learn-do' and the 'feel-do-learn' sequences appear to be more salient than the traditional 'learn-feel-do' model in holiday decision-making. Moreover, holiday plans are instrumental (and dynamic) in achieving higher-order (and quite stable) goals. Major goals are satisfaction maximization (hedonism) and return on investment (utilitarianism). Finally, information accumulates in a natural, non-purposive way from one source to the other without much searching effort. Information collection becomes more important in the very last days just before a booking is made and during the holiday experience. Further, there is a shift from internal to external sources of information, and from general (destination) to more specific (practical) information.

In conclusion, holiday decision-making is not necessarily as rational and cognitive as it has often been assumed to be. It entails emotions, adaptability and opportunism to a large extent. There is not one process but a plurality of holiday decision-making processes.

## QUESTIONS

- 1 Identify and discuss how holiday decision-making, as it was described in this case, is different from the traditional problem-solving approach to consumer decision-making.
- 2 Compare the information search process, as it was described here for holidays, with the search process that consumers might follow for another product category (e.g. a household appliance or a perfume).
- 3 What managerial implications (for tour operators or travel agents) would you draw from the findings that were presented in this case?

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## Notes

- 1 See for instance: Nicosia 1966; Howard and Sheth 1969; Engel, Kollat and Blackwell 1973; Bettman 1979.
- 2 For example, Lavidge and Steiner 1961; Fishbein and Ajzen 1975; Ajzen and Fishbein 1980.
- 3 Moutinho 1987.
- 4 Goodall 1988.
- 5 Mathieson and Wall 1982; Middleton 1994.
- 6 Mansfeld 1992; Um and Crompton 1990; van Raaij and Francken 1984; Woodside and Lysonski 1989.
- 7 FCB = Foote, Cone and Belding; Vaughn, 1980.



# From space to place: creating Utopian meanings in a festival marketplace

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Places, such as retail centres, are much more than spatial coordinates or dots on a map. As places become intimately associated with life's events, they come to represent symbols of the experiences concerned. In other words, a space becomes a place when it becomes invested with meanings by those who use it. This case study shows how a retail space can come to hold very special meanings for consumers, and how these meanings may not necessarily be understood by the retail management.

Developed out of a beautiful eighteenth-century building, the Powerscourt Townhouse Centre opened as a festival marketplace in 1981, a short walk away from one of Dublin's busiest shopping areas, Grafton Street. The centre comprised three levels of retail outlets grouped around an enclosed courtyard. The majority of shops sold specialist merchandise, with jewellery, ladies' fashions, antiques and eating places predominating. Like its American and European counterparts (i.e. Harborplace, Baltimore and Covent Garden, London), Powerscourt offered an allegedly unique shopping environment, the 'Powerscourt Experience', as it was described on promotional material. Festival marketplaces provide an alternative to the uniformity of shopping centres which offer mass-produced goods via high street chains such as Next, Miss Selfridge, New Look and Zara. They typically occupy a refurbished building of acknowledged architectural merit, retail an eclectic mix of speciality goods and services, are tenanted by independent retailers rather than national chain stores, encourage recreational as opposed to utilitarian shopping activities, and adopt an essentially aesthetic ethos involving artworks, craft activities and designer goods.

On the ground floor in Powerscourt there was a central café where shoppers could pass the time chatting or people-watching. Surrounding this were small market stalls, selling an eclectic mix of products, from ice cream to bonsai trees. Rising up from the courtyard was a stage for cultural events with a grand piano to provide special recitals and enhance the centre's ambience. More exclusive shops, on the higher levels, proffered a range of designer jewellery, clothing, antiques and paintings. Its quirky mix of shops and entertainment gave Powerscourt a special ambience that consumers

loved. Its combination of arts and crafts, and the sense that there was something for everyone, made it very different from other high street shopping. Many people came just to sit with friends over coffee or food in the many restaurants that were interspersed throughout the centre. Visually, a plethora of colourful signs, restaurant canopies and plant greenery greeted shoppers as they entered the courtyard. Powerscourt's somewhat haphazard layout encouraged exploration and gave shoppers a sense of discovery. It was not unusual for some actually to lose their way as they wandered around the different floors.

During the 1990s, as many other retail innovations appeared in Dublin, Powerscourt lost some of its special appeal. Its retail mix became a little jaded as small shops came and went and parts of the centre had a rather run-down appearance. The management of the centre decided to carry out a major refurbishment that lasted well over a year and brought about radical changes to the ambience of the centre, which moved towards mainstream retailing. Smaller units were replaced with larger chain stores, such as FCUK and Karen Millen, the market-type stalls disappeared completely, and a minimalist design approach was applied throughout. The immediate hedonic impact that assailed consumers on entering the centre, the blaze of colours and smells from fruit and vegetables, largely evaporated. High wooden surrounds that demarked the new central restaurant area on the ground floor countermanded the soaring effect of superabundant space that used to strike consumers as they entered the centre.

There were strong emotional responses from consumers and retailers, many of whom were very disappointed with, and distressed by, this modernization. To understand how changes to a shopping centre could provoke such deep reactions it helps if we explore the meanings that consumers had created within such an environment. In the case of Powerscourt, these meanings had a very utopian content.

The concept of utopia comes from Sir Thomas More's renowned classic of 1516, about an imaginary land called Utopia. More's detailed description of this idyllic environment gave birth to a distinctive literary genre, one that describes diverse types of ideal communities



where social harmony and perfection prevails. Spanning over 500 years and including well over 3,000 writings, utopian thinking has produced many varied, often conflicting visions of perfection. As time and space vary, so too does the conception of what constitutes the ideal life. Many now argue that the value of this body of work lies in the mental processes that it inspires, as a means to question existing reality. In drawing attention to the gap between what is and what could be, such literature continually inspires a critical but creative view of the world. Accordingly, the utopian impulse has been identified in the web of contemporary social life, in computer games, cults, communities and lifestyle magazines. In keeping with a postmodern world, the utopian imagination has itself become fragmented, dispersed throughout our daily lives and, most often, dispensed by the marketing system.

Commentators have increasingly alluded to the utopian qualities of shopping centres, both in terms of their physical layouts and the social activities that they contain. In Powerscourt there were three key utopian processes that underpinned the consumer experience therein:

- *Sensing displace.* The discovery of a utopia always involves some type of dislocation, a travelling between worlds, whether physical or temporal, in order to provide a setting in which to contrast and compare the present. There are several factors that contributed to Powerscourt being a displace. Many visitors came across the centre by chance because signage to the centre was minimal. This meant that often the centre was a serendipitous find that surprised and delighted. Consumers often 'stumbled' across it and this gave them a sense of exploration, and discovery that activated the utopian imagination. Regarded as a world apart, the centre evoked feelings of elsewhere, a displacement from the present, and a distancing that was both spatial and temporal.
- *Creating playspace.* As a retail space, pre-refit Powerscourt was full of contradictions and underlying tensions that remained unresolved. Like More's Island of Utopia, it was neither the old world nor the new, neither eighteenth-century Georgian times, nor modern-day Ireland. Within the centre itself, furthermore, these tensions remained unresolved, playing against each other and underpinning the overall spatial arrangement. Retailers mixed styles unashamedly in Powerscourt to achieve the effect of a giant collage that greeted consumers as they entered the main courtyard.

With no uniformity to shop front design or signage, an array of different codes and references intermingled in an intriguingly idiosyncratic manner. This meant that consumers could weave their own personalized fantasies into their experiences there.

- *Performing artscape.* Powerscourt was at once a commercial space and a special place that evoked other, more elevated values, both in terms of its preservation of a historic building and the copious arts, crafts and antiques contained within. Above and beyond its intrinsic cultural capital, Powerscourt functioned as a form of stage-set for marketplace theatre and retail dramaturgy. With its grand piano on central stage, it evoked the feeling of drama about to unfold, a story about to be told. In highlighting the contrast with other, more utilitarian forms of shopping, this entertainment added to Powerscourt's exalted, extra-special nature, thereby enhancing its aspirational appeal, its utopian promise of perfectibility.

As the refurbishment took place, and the centre moved towards mainstream retailing, consumers complained that it could now be anywhere and that it had lost its special ambience that so strongly differentiated it from other high street shopping venues. After the refurbishment the environment no longer evoked the feelings encapsulated in the themes above. Many consumers were very angry at the changes, believing that a unique place had been sacrificed to the encroaching forces of globalization and, indeed, that a part of their heritage had been taken away. They blamed the management of the centre and dissatisfaction with the new minimalist look only served to increase their nostalgia for the 'old' Powerscourt which had once symbolized for them the antithesis of high street shopping.

This case study highlights how marketers and consumers are involved in joint cultural production of spaces and how marketers need to be aware of the important social role they play in the organization of such spaces. Their relationships with consumers are enhanced by judicious use of marketing activities within the spaces concerned. As this Powerscourt study demonstrates, when marketers overlook this social role their marketing activities may actually subvert, rather than support, consumers' interest in a particular space. In particular, it highlights the importance for management of understanding the meaning systems that consumers create around marketing phenomena and how these may be very powerful and enduring.

**QUESTIONS**

- 1 Compare and contrast a shopping centre with a festival marketplace in terms of how consumers experience each of these retail environments.
- 2 Discuss the reasons why consumers were disappointed with the refurbishment in Powerscourt.
- 3 Suggest alternative strategies that the Powerscourt management could have pursued when they carried out the refurbishment.
- 4 Think of some examples of other retail or service environments to which consumers may attach personalized meanings, e.g. pubs, restaurants, hairdressers and so forth. Then think of one that is a favourite of yours and discuss what it means to you.

**Further reading**

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# How second-hand consumption re-enchants and empowers the consumer's life

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Anne and Philippe first got to know each other in the Paris area in the 1980s. Now in their forties, they are married with two children aged 12 and 15. Anne works as a management controller for a leading French car manufacturer and Philippe as a telecom engineer.

When they met, they were both comfortably off middle-class junior managers. Because of Philippe's work, they moved for a short period to the north of France. During that time, they discovered the 'Grande Braderie' of Lille, an annual discount market dating back to the fairs of the Middle Ages, which attracts thousands of participants and exhibitors each year from the French-Belgian frontier area. They were astounded and quite won over in the course of a night spent bargain-hunting among the 70 kilometres of streets displaying goods of every imaginable kind. They also made a point at weekends of visiting the various second-hand sales that were advertised as taking place in the villages of the Lille region. Both practical and pleasurable, such occasions provided the opportunity to get to know the area, as well as for picking up decorative household knick-knacks, clothes or tools, according to their mood at the time. In this region, second-hand sales were such a common occurrence that it seemed quite natural to go there and wander around on the lookout for bargains.

Undoubtedly, the most striking memory Anne has of this period is of acquiring her wedding dress. She didn't want to buy it in a traditional shop, where the dresses all seemed the same – not necessarily unattractive, but banal. One Sunday they were in a charming village 10 kilometres from Lille, when Anne, without having planned on doing so, found herself standing in front of a market stall where, hanging from the sunshade, was an Empire-style wedding dress. Intrigued, she stared at it for a long time, admiring its pure straight lines, embellished by fine lace facing and pearls stitched to the bodice. She was irresistibly attracted to it, but, not daring to imagine she might be married in a dress bought at a flea market, she turned it over and over, disbelievingly. The stall-holder offered it to her for the equivalent of 15 euros, a price that seemed ridiculous, exciting and very appealing, in that the dress appeared to be in perfect condition. What's more, to Anne's

experienced eye it looked to be her size. After asking Philippe's opinion – he found the idea rather amusing – she finally left with what she would later come to think of as a trophy. Years later, the famous 'flea-market wedding dress' had become something of a fetish object, to the extent that Anne had recounted 'the legend' to her daughters, promising to bequeath it to them when they got married.

The following year, with Philippe's training complete, the return to the Paris area left them feeling depressed. They were struck by the absence of second-hand markets, something they had not been aware of before they left. They also wondered why such events did not exist or seemed unknown in Paris. By way of compensation, during their holidays, they would have no hesitation in making a detour of several kilometres to rummage through a second-hand store signposted along a country road. Anne always managed to find some pieces of old lace, and Philippe antiquarian books.

When their first daughter was born, friends passed on to them baby clothes they had no further use for. Anne had also retrieved the clothes her mother had saved from her childhood, and which she was happy to see her daughter wearing.

Then, to their great surprise, two or three years later a number of second-hand markets made their appearance in the Paris area. Anne and Philippe were delighted by this development, and began to believe that the pleasures of their Lille years would again be part of their daily life. At the same time, second-hand stores started opening up here and there, and they would often make a tour of them at random. Anne especially liked looking for decorative items for the house, but more than anything, such places were like great caves, full of treasure. One would never know what one might find there. They were permeated with an antiquated atmosphere, and Anne loved the untidy profusion of abandoned objects. Sometimes pathetic but often touching, these fragments of personal histories seemed always to be part and parcel of the dust that covered them. Every now and then, in Paris, she would push open the door of a second-hand clothes shop, and admire the originality of the somewhat outdated dresses and beautifully-cut ladies' suits. The clothes were all

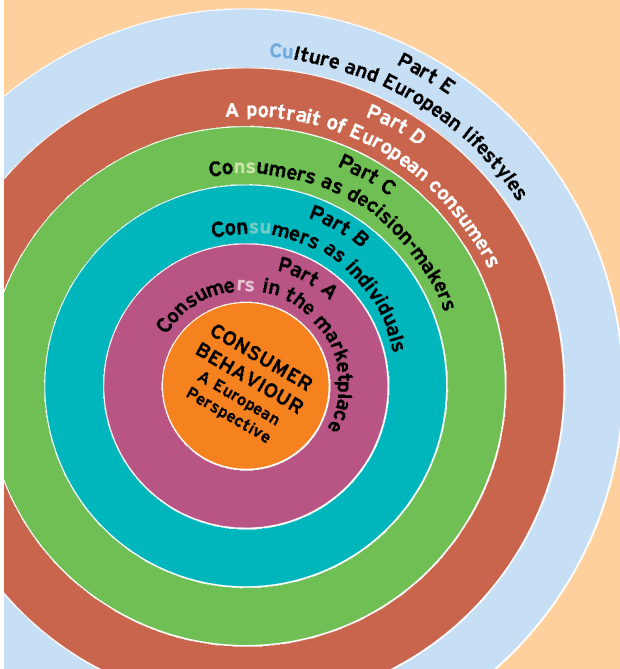
different, each item unique. Clearly they had been worn very little. A woman had once loved them, then cast them aside. Anne found things there that she never saw in regular clothes shops, items that seemed attractive precisely because they weren't available through the standard distribution channels. By wearing these clothes, she too could feel herself to be unique and different. She would also buy lots of things for her children, pretty little outfits that were practically unworn.

Philippe, for his part, appreciated finding useful items. He often had a clear idea of what he was looking for. What was the point of rushing to the supermarket? he said. Second-hand markets and stores were full of things people no longer wanted and which were still in perfect working order. Why pay more, why buy at high prices when high quality goods were thrown out? Often the products sold at hypermarkets did not appear to be any more appealing or effective than others that had already been used and proved their worth. He was also particularly sensitive to waste, and to the consumption race that seemed to him to be as futile as it was harmful. His financial commitment to humanitarian causes – donations that he made every year to various charities – went hand in hand with respect for resources and a concern for the preservation of objects as much as with the labour that had produced them. It was by no means unusual for him, on the days allocated for the disposal of bulky objects, to collect various items of furniture, electrical equipment or computers from the Paris streets and pavements. He would salvage the components and test them out. He liked to say that from three discarded bikes he had reconstructed one for his daughter. He did this not out of necessity but through conviction, finding ridiculous all the waste and incompetence that led people to throw things away without even trying to repair them. Increasingly, Philippe has begun purchasing on the internet. Second-hand sales sites enable him to find out-of-print old books, which he collects, as well as CDs and DVDs.

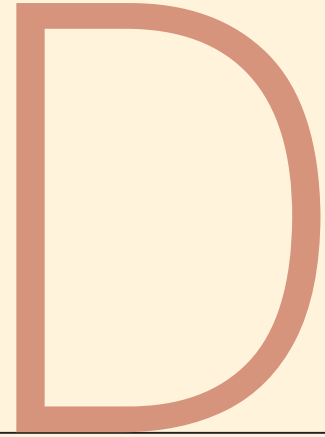
Anne and Philippe were aware that they were increasingly avoiding the standard distribution channels. They still did their day-to-day shopping in hypermarkets, and bought certain products new for convenience, security or when appropriate. But very often they preferred to wait, compare and find better value for money or something more original. Their approach was in part one of economic calculation, but allied to the pleasure of being resourceful. This feeling of being smarter arose to some extent from the sense of making better buying choices for themselves and of using their resources intelligently, but also from the moral satisfaction of not contributing to overall wastage. At the age of 40, with a settled life and materially well-off, they did not feel they were changing the world, but rather were living in a different way in terms of consumption. The increase in the various channels of exchange between private individuals and second-hand goods in general gave them great pleasure, since it enabled them to re-enchant their life as consumers while reclaiming a whole domain of freedom.

### QUESTIONS

- 1 What factors do consumers consider when comparing second-hand distribution channels, either favourably or unfavourably, with traditional channels?
- 2 Would you say that Anne and Philippe have the same motivations toward second-hand shopping? What distinguishes them or brings them together in terms of their profiles (e.g. attitudes; values; perceptions)?
- 3 Do certain alternative distribution channels seem to cater better for certain types of motivation rather than others? Which features of the different channels respond best to which orientations?
- 4 In what respects can second-hand exchanges between consumers be said to enhance their power? In your opinion does this constitute a long-term threat to traditional channels?



# A PORTRAIT OF EUROPEAN CONSUMERS



The chapters in this part consider some of the social influences that help to determine who we are, with an emphasis on the various subcultures to which we belong. Chapter 11 provides a discussion of family structures in Europe, and identifies the many instances in which our purchase decisions are made in conjunction with the family. Chapter 12 focuses on factors that define our social classes, and how membership in a social class exerts a strong influence on what we buy with the money we make. Chapter 13 discusses the strong influence that age has on our behaviour as consumers, with an emphasis on the bonds we share with others who were born at roughly the same time.

## 11

European family structures and household decision-making

## 12

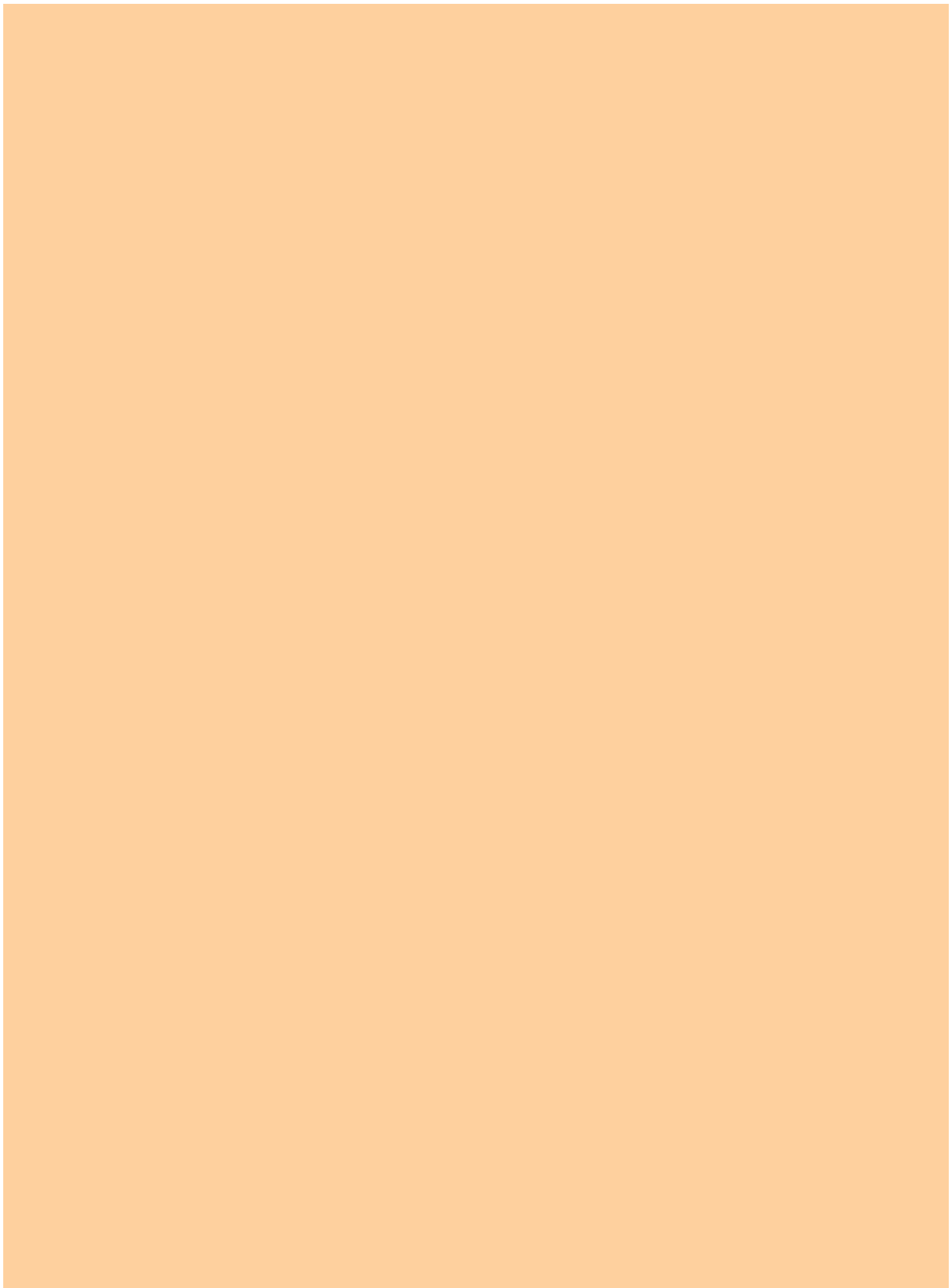
Income and social class

## 13

Age subcultures

**Case studies**  
**9-14**





# 11

## EUROPEAN FAMILY STRUCTURES AND HOUSEHOLD DECISION-MAKING



Saturday is the main shopping day, and Caleb is accompanying his mother to the supermarket. He doesn't usually go with her, and he suspects that Kymberly, his mum, would rather go without him. She spends less and gets home faster without him, she says. But he's going today anyway, partly to be sure that she picks out the right stuff for his eleventh birthday party. The Power Rangers tablecloth and biscuits were OK last year, but he's almost a teenager now and he plans to push heavily for the right food and decorations. He wants a party with the 'right atmosphere' - maybe some music by Coldplay or Mariah Carey. Even though these two artistes are

really different he's seen a lot of them on TV, and his friends at school talk about both artistes all the time. If he could just get his mum to buy *both* CDs, he would have a better idea of which to play for 'setting the mood' at his party.

First, though, they have to get the family's regular shopping out of the way. Kymberly gets a little exasperated as Caleb and his little sister Riley argue over the best type of dog food to get for Baggins, their new puppy. Finally, at Kymberly's urging, they move on to the next aisle, where she quickly throws two cans of tuna fish into the trolley. She starts to move on, but from behind her she hears Caleb say: 'You're not really going to buy that brand, are you? Don't you know that they still use nets to catch their tuna and those nets kill hundreds of innocent dolphins every year!' This was news to Kymberly. After getting over her initial irritation at being told how to shop by a child who can't even tidy his room, she realizes that Caleb is making a lot of sense.

As she puts the offending cans back on the shelf, she remarks, 'Well, Caleb, I think I should send you to do the shopping from now on. Maybe I can get you to go shopping with your father too - sometimes I think he could use a little more common sense on those rare occasions when he steps into the supermarket.'

## ■ INTRODUCTION

Children are becoming a major force in persuading their parents to clean up their act when it comes to the environment. One study showed that one-third of parents have changed their shopping habits to be more environmentally conscious because of information they received from their children. Teenagers have been instrumental in projects ranging from home and school recycling to persuading tuna companies to stop buying tuna caught in nets that also trap dolphins. Many companies are becoming aware of young people's influence in everyday family buying decisions, and some are trying hard to convince 'green teens' that their products are environmentally friendly.<sup>1</sup>

Caleb's influence on Kymberly's choice of an environmentally safe product illustrates that many consumer decisions are made jointly. The individual decision-making process described in detail in Chapter 8 is, in many cases, too simplistic since more than one person may be involved in any stage of the problem-solving sequence, from initial problem recognition and information search to evaluation of alternatives and product choice. For example, the decision to get a pet is often made jointly by family members. The children may be instrumental in persuading their reluctant parents to get a dog or a cat, while the parents may be responsible for the information search to determine what breed to get or where to get it. Then, the entire family may be involved in selecting the puppy or kitten that will soon become another family member.

Whether they are choosing a can of tuna or buying a new multimedia entertainment system for the home, consumers commonly work together. This chapter examines issues related to *collective decision-making*, where more than one person is involved in the purchasing process for products or services that may be used by multiple consumers. We focus specifically on one of the most important organizations to which we all claim membership – the family unit. We'll consider how members of a family negotiate among themselves, and how important changes in the modern family structure are affecting this process. The chapter concludes by discussing how 'new employees' – children – learn to become consumers.

## ■ THE FAMILY

### Constructing and deconstructing the family in Europe

While it might still be too early to draw definite conclusions, it's reasonable to speculate that historians will regard the period from the 1990s to 2005 as one of the most politically, socially and economically turbulent time-frames in modern history. Radical political and market changes throughout Western and Eastern Europe are reflections and outcomes of intense social change in European societies that have been under way since the 1950s. While the extent and pace of changes and the national perceptions of social change have differed from one country to another, it is clear that many of our social institutions have been altered over the past four decades, not least of which is the notion of 'family'. As of 1 May 2004 the population of the European Union stood at almost 454 million, the third largest population of any political entity after China (1,283 million) and India (1,041 million). While the ten newest EU member countries have more similarities than differences with the 'former 15' EU members in family structure, there are some important trends in age distributions, marriage patterns, employment, salary rates between men and women and ageing of the populations of our individual member states which will have a major impact on consumer consumption patterns of European families in the years to come.

Before moving on to a discussion of the forces that have changed our notions of family, and what these changes mean in terms of consumer behaviour, we need to spend a moment tackling the thorny question 'What is the family, and how do we gather data

about it?' There is a great deal of family diversity throughout Europe, and the conceptualization of *family* is based on ideology, popular mythology and conventions that are firmly rooted in each country's historical, political, economic and cultural traditions. Certainly, European governments have had a strong history of requiring regular and up-to-date socio-demographic information on the behaviour of families (birth rates, fertility rates, divorce rates), and about family forms (size, structure and organization). This sort of information is an essential component in governments' policy-making processes.

Yet, despite a long history of international collaboration and the growing need for reliable information about demographic trends in Europe, by the mid-1990s data on households and families in the European Union were still far from comparable.<sup>2</sup> Attempts to standardize data collection methods across countries have had to deal with issues such as national political priorities and ideologies, the centralization and autonomy of the organizations responsible for data collection, and the reluctance of some governments to accept decisions taken at the supranational level. As an example of the problems of comparing families across Europe, consider the problem of dealing with the *age of children living at home*. In most EU member states, no age limit was applied during the 1991 census. However, in Denmark, Finland and Sweden, children were considered as part of the family up to the age of 18, and in Luxembourg to 25. France applied a limit of 25 years until 1982, but this was abolished for the 1991 census, which increased the proportion of lone-parent families by 35 per cent! Eurostat's 1991 census reported that the 'traditional family' (man, woman and children under one roof) made up just 54 per cent of the European population, while their 1996 report (using a new sampling frame and method) concluded that the traditional one-family household is still predominant throughout Europe, comprising 72 per cent of the population.<sup>3</sup> In today's Europe, increasing migration rates, falling fertility rates, and delaying marriage until later in life (or cohabitation instead of marriage) all influence the reporting and analyses of statistics used to paint a portrait of the European family. As Europe moves on into the new millennium, more standardized and comparable forms of data about the family will be collected.



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### Under the same roof: living arrangements in the European Union

Across Europe there is evidence that the family unit is changing and evolving:

- In 2001 there were five marriages per 1,000 inhabitants in EU-25, compared with almost eight in 1975.
- The average age at which people get married has increased, from 26 years for men in 1980 within the EU-15 countries, to over 30 years today. For women, the corresponding increase has been from 23 to 28 years.
- There is also a rise in the rate of marital breakdown in both the EU-15 countries and in the new member states. Looking at marriage cohorts of the EU-15 countries, the proportion of divorces is estimated at 15 per cent for marriages entered into in 1960. For those more recently married couples (1980) the proportion has doubled to 29 per cent. There are however, considerable differences between countries with more than 40 per cent of marriages (entered into post-1980) ending in divorce in Denmark, Finland, Sweden and the United Kingdom, compared with 15 per cent or less in the southern member states.
- The number of births outside marriage in the EU-15 countries continues to rise, which is largely a reflection of the growing popularity of cohabitation: from 6 per cent of all births in 1970 to almost 29 per cent in 2002. In Sweden and Estonia, more than half (56 per cent) of the children born in 2002 had unmarried parents. The proportion is around 40 per cent in several other countries (Denmark, France, Latvia, Finland, Slovenia, and the United Kingdom). In contrast, low levels (albeit increasing ones) are seen in many southern

European countries, including Greece (1.5 per cent in 1980 to 3.9 per cent in 2002), Italy (4.3 per cent to 10 per cent) and Spain (3.9 per cent to 19 per cent in 2002).

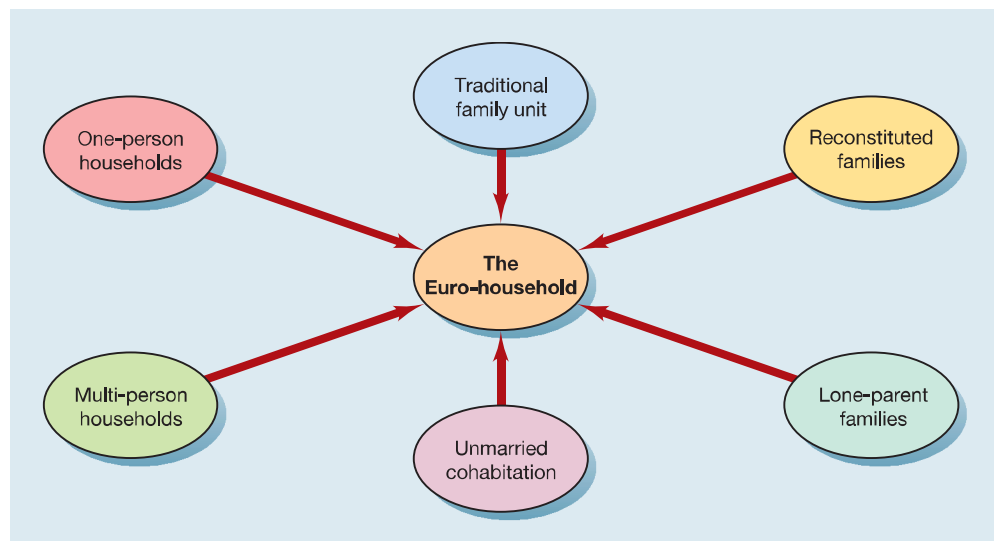
- There is a sharp increase in the number of children living with one adult, and a fall in the number of couples with children. In 2000, 10 per cent of children aged 0-14 years were living with just one adult in the EU-15 countries compared with 6 per cent in 1990. The overwhelming majority of these single parents are women.
- In 1961 there were 14 million one-person households in EU-15 countries. By 1995 this number had tripled to 42 million, and the estimate by Eurostat suggests a further increase to 62 million by 2025.
- Households are becoming smaller, with more people living alone at all ages. Within the EU-15 countries the absolute number of households will increase by 20 million by 2025, with an average size of 2.2 people per household.
- Results also suggest that there is a different pattern of living emerging between northern countries, and southern countries plus Ireland. In the Mediterranean countries and Ireland, children tend to live in the parental home until they are ready to form new, usually legalized, family units. Also, more than one generation share the same household. In northern countries, the transition from the parental home to forming a new family is less straightforward, with living alone and cohabitation periods in between.<sup>4</sup>

From both a statistical as well as a sociological perspective, 'family' is hard to nail down. However, one thing is certain – the concept of family will continue to exist and will manifest itself in varying forms over time and across countries throughout Europe. Figure 11.1 provides an overview of the many components which make up our notion of a European household.

### Defining the modern family

Some experts have argued that as traditional family living arrangements have declined, people are placing even greater emphasis on the role of siblings, close friends and other relatives to provide companionship and social support.<sup>5</sup> In the US, some people are even

**Figure 11.1** Components of the 'modern family'



joining 'intentional families', groups of strangers who meet regularly for meals and who spend holidays together. Over 500 of these communities currently operate in the US.<sup>6</sup>

Many marketers have focused on the renewed interest in family life brought about by the more flexible definitions of what constitutes a family.<sup>7</sup> While families were indeed out of fashion in the 1960s and 1970s, being seen by some as an infringement of personal freedom, 90 per cent of the respondents in one recent survey confirmed that family life was one of the most important things to them.<sup>8</sup> In a radical departure from its old, 'affluent singles' days, half of the holidaymakers who stay at Club Med resorts now bring their families along.<sup>9</sup>

- ▶ The **extended family** was once the most common family unit. It consisted of three generations living together and often included not only the grandparents, but aunts, uncles and cousins. The **nuclear family**, a mother and a father and one or more children (perhaps with a dog thrown in for good measure), became the model family unit over time. However, many changes have occurred since the 1960s.

### Just what is a household?

For statistical purposes, Eurostat has implemented the United Nation's definition of the family unit based on the 'conjugal family concept'. *The family* is defined in the narrow sense of a family nucleus as follows: 'The persons within a private or institutional household who are related as husband and wife or as parent and never-married child by blood or adoption.' Thus, a family nucleus comprises a married couple without children or a married couple with one or more never-married children of any age, or one parent with one or more never-married children of any age. The definition tries to take into account whenever possible, couples who report that they are living in consensual unions, regardless of whether they are legally married. Under the more recent European Community Household Panel, a **family household** is more broadly defined, as a 'shared residence and common housekeeping arrangement'. Marketers are interested in both of these units, not only for their similarities, but as a way of understanding differences. Changes in consumers' family structures, such as cohabitation, delayed marriage and delayed childbirth, the return of mothers to the workforce and the upheaval caused by divorce, often represent opportunities for marketers as normal purchasing patterns become unfrozen and people make new choices about products and brands.<sup>10</sup>

### Age of the family

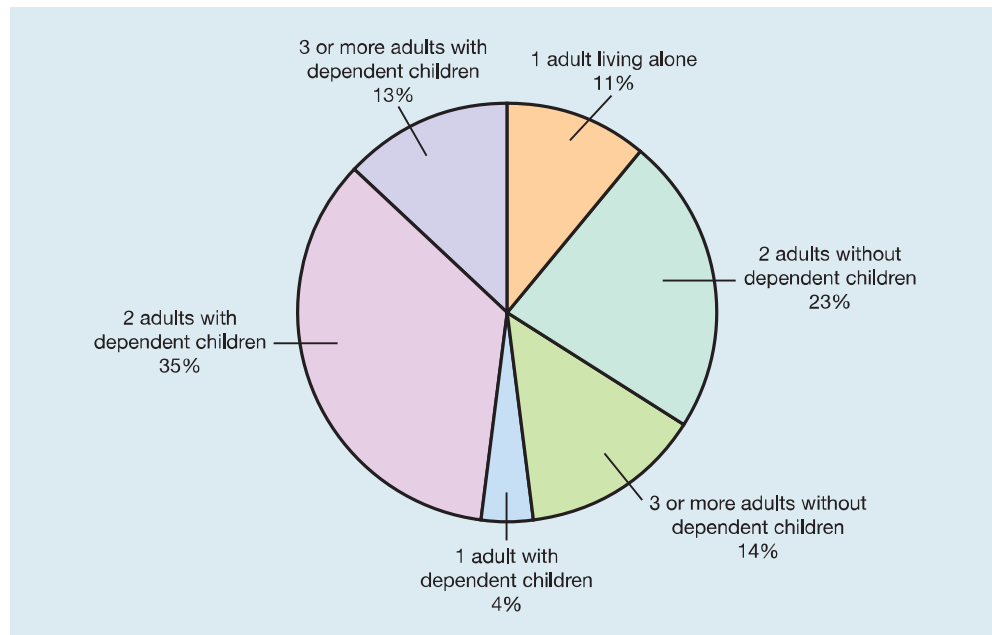
As shown in the Marketing Opportunity above, since 1960 the EU has seen a trend of falling numbers of marriages and an increase in the number of divorces. Moreover, people are remarrying more often than they did before the 1960s, and men are more likely to form a new family than women. Couples marry youngest in Portugal and oldest in Denmark, and the greatest age difference between husbands and wives is to be found in Greece.

Overall, consumers aged between 35 and 44 were responsible for the largest increase in the number of households, growing by almost 40 per cent since 1980.<sup>11</sup> Half of all family householders fell into this age group in the year 2000. Figure 11.2 provides a breakdown of the EU population by household size. The key segment to change in the coming 20 years will be the significant increase in adults living alone – a segment which will increase to over 62 million households by 2025.<sup>12</sup>

### Family size

Worldwide, surveys show that almost all women want smaller families than they did a decade ago. In 1980, the average European household contained 2.8 people, but today that number has slipped to 2.6 people. Furthermore, the current average number of children per woman is below the generational replacement threshold level, with a fertility rate for Europe of 1.44 children per woman in 1993 (compared to almost double this in



**Figure 11.2** Population living in private households by household type, EU-25, 2002

Source: Eurostat - European Union Labour Force Survey, Figure 13. Eurostat © European Communities, 2002.

1964). A UK study predicts that one in five women born in the 1960s–1980s will remain childless – a halving of the birth rate of their mother’s generation.<sup>13</sup> Family size is dependent on such factors as educational level, the availability of birth control and religion. The ► **fertility rate** is determined by the number of births per year per 1,000 women of child-bearing age. For several decades now fertility rates in the EU have remained clearly below replacement levels of 2.1, a trend which is reinforced by the enlargement of the EU to the EU-25. Among the new member states only Cyprus (1.57 children per woman) and Malta (1.51) are a little above the average for EU-15 (1.47).<sup>14</sup>

Marketers keep a close eye on the population’s birth rate to gauge how the pattern of births will affect demand for products in the future. Even when a married couple does live with children, families are shrinking. The number of European households comprising one or two people is increasing (from 22 per cent to 26 per cent during 1980–90) and the number of households with four or more people is falling (from 34 per cent to 25 per cent during 1980–90).<sup>15</sup> The number of unmarried adults and one-person households is steadily rising (they now account for 26 per cent of European households, and are projected to be the fastest growing segment through to the year 2025). Some marketers are beginning to address the fact that this group is under-represented in advertising.<sup>16</sup> Gold Blend coffee built a very popular TV ad campaign around a romance between two single neighbours, while Procter & Gamble introduced Folger’s Singles ‘single-serve’ coffee bags for people who live alone and don’t need a full pot.<sup>17</sup> On the other hand, many singles report that they avoid buying single-size food portions or eating alone in restaurants since both remind them of their unattached status – they prefer takeaway food.<sup>18</sup>

Single men and women constitute quite different markets. More than half of single men are under the age of 35, while among people over age 65 women account for 80 per cent of one-person households. Despite single males’ greater incomes, single women dominate many markets because of their spending patterns. Single women are more likely than single men to own a home, and they spend more on housing-related items and furniture. Single men, in contrast, spend more overall in restaurants and on cars. However, these spending patterns are also significantly affected by age: middle-aged single women, for example, spend *more* than their male counterparts on cars.<sup>19</sup>

### Who's living at home?

In many cases the nuclear family is being transformed to resemble the old-fashioned extended family. Many adults are being forced to care for parents as well as for children. A growing trend in the United States and Europe is for middle-aged couples to be faced with the prospect of caring for both their children and their parents simultaneously. Americans spend on average 17 years caring for their children, but 18 years assisting elderly parents.<sup>20</sup> Middle-aged people have been termed '*the sandwich generation*', because they must attend to those above and below them in age. The problem of caring for ageing parents became so acute in Singapore that the government established a Tribunal for the Maintenance of Parents in 1996. A new law now requires adult offspring to take care of their parents, a practice which traditionally is a priority in Asian cultures. Two hundred cases involving neglected parents were heard by the Tribunal in its first six months of operation.<sup>21</sup> As the population ages and life expectancies continue to climb in developed countries, the problem of allocating resources to the support of parents will only get worse.

### Non-traditional family structures

The European Community Household Panel regards any occupied housing unit as a household, regardless of the relationships among people living there. Thus, one person living alone, three room-mates or two lovers all constitute households. Less traditional households will rapidly increase these if trends persist. One-parent households are increasing steadily throughout Europe (most common in the UK, Denmark and Belgium, least common in Greece). Although these households are in the majority of cases headed by women, there is also an increasing trend for fathers to take on this role.<sup>22</sup> In the United States, 10 million children live with a step-parent or with children who are not full brothers or sisters, and 24 per cent of all children live in one-parent families.<sup>23</sup>



#### marketing opportunity

Many people are extremely attached to pets, to the point where companion animals might be considered part of the family. Pets are seen by many as therapeutic, and often are assumed to share our emotions. Over 35 per cent of European households and over 42 per cent of American households own at least one pet.<sup>24</sup> Together, they spend over \$30 billion a year on their pets (more than they spend on going to the cinema and home videos combined).<sup>25</sup> In France, there are twice as many dogs and cats as children!<sup>26</sup>

The inclusion of pets as family members creates many marketing opportunities, ranging from bejewelled collars to professional dogwalkers. Listed below are worldwide samples of some recent attempts to cater to people's pet attachments.<sup>27</sup>

- Macy's department store opened a Petigree shop for dogs and cats. Says one employee, 'You can put your dog in a pink satin party dress or a 1920s flapper dress with fringe.' Other items include a wedding dress for dogs (for \$100; the veil is extra), a \$48 black dinner jacket or a \$30 trench coat.
- A vet in Maryland offers holistic medicine for pets. He features natural foods, acupuncture and chiropractic massages. The vet also sells the 'Rodeo Drive Fragrance Collection' (named after a fashionable street in Beverly Hills), a set of spray colognes for dogs.
- A 25-minute video, *Doggie Adventure*, was produced for dogs. Shot with a camera balanced two feet off the ground, it takes viewers on a romp from a dog's perspective.
- Kennelwood Village, a day-care centre for dogs in St Louis, features a swimming pool (with a lifeguard on duty), tetherball tournaments and whirlpool therapy for arthritic canines.
- In the UK, pet insurance is a £100 million industry, with more than a million pets being covered by insurance policies.
- About 85 per cent of Swedish dogs carry health and life insurance.

## Effects of family structure on consumption

A family's needs and expenditures are affected by such factors as the number of people (children and adults) in the family, their ages, and whether one, two or more adults are employed outside of the home.

Two important factors determining how a couple spend time and money are whether they have children and whether the woman works. Couples with children generally have higher expenses, and not just for the 'basics' such as food and utilities bills. Studies in the UK estimate that the costs of keeping a teenager 'in the style to which they aspire' run close to £66,000, and the costs of getting a child to the teen years is approaching £33,000.<sup>28</sup> In addition, a recently married couple make very different expenditures compared with people with young children, who in turn are quite different from a couple with children in college, and so on. Families with working mothers must often make allowances for such expenses as nursery care and a working wardrobe for the woman.



### multicultural dimensions

#### The Euro-housewife: considerable differences between EU member states

- The percentage of women aged between 25 and 59 who describe themselves as housewives varies considerably between member states. While the EU average is 33 per cent, it ranges from a high of 60 per cent in Ireland (Spain, Greece, Italy and Luxembourg are also high), to a mere 4 per cent in Denmark.
- Barely 6 per cent of women between 25 and 39 without children stay at home, compared with 36 per cent with one child under 5 and 52 per cent with at least two children under 5.
- EU-wide, only 7 per cent of today's housewives stopped working because of marriage - but this number peaked at 15 per cent in Greece and 14 per cent in Spain. However, 42 per cent stop because of children.
- Family obligations, such as housework, caring for children or others are the main reason why 84 per cent of housewives are not looking for work.
- Being a housewife is strongly related to the level of education. Housewives represent 45 per cent of EU women aged from 25 to 59 with lower secondary education, 26 per cent with upper secondary education, and only 13 per cent of women with higher educational levels.<sup>29</sup>

#### The family life cycle

- Recognizing that family needs and expenditures change over time, the concept of the
- **family life cycle (FLC)** has been widely used by marketers. The FLC combines trends in income and family composition with the changes in demands placed upon this income. As we grow older, our preferences for products and activities tend to change. In many cases, our income levels tend to rise (at least until retirement), so that we can afford more as well. In addition, many purchases that must be made at an early age do not have to be repeated very often. For example, we tend to accumulate durable goods, such as furniture, and only replace them as necessary.

A life-cycle approach to the study of the family assumes that pivotal events alter role relationships and trigger new stages of life which modify our priorities. These events include the birth of a first child, the departure of the last child from the house, the death of a spouse, retirement of the principal wage earner and divorce.<sup>30</sup> Movement through these life stages is accompanied by significant changes in expenditures on leisure, food, durables and services, even after the figures have been adjusted to reflect changes in income.<sup>31</sup>

**Table 11.1** The family life cycle: an updated view

	Age of head of household		
	Under 35	35-64	Over 64
One adult in household	Bachelor I	Bachelor II	Bachelor III
Two adults in household	Young couple	Childless couple	Older couple
Two adults plus children in household	Full nest I	Delayed full nest	
	Full nest II	Full nest III	

Source: Adapted from Mary C. Gilly and Ben M. Enis, 'Recycling the Family Life Cycle: A Proposal for Redefinition', in Andrew A. Mitchell, ed., *Advances in Consumer Research* 9 (Ann Arbor, MI: Association for Consumer Research, 1982): 274, Figure 1.

This focus on longitudinal changes in priorities is particularly valuable in predicting demand for specific product categories over time. For example, the money spent by a couple with no children on eating out and holidays will probably be diverted for quite different purchases after the birth of a child. While a number of models have been proposed to describe family life-cycle stages, their usefulness has been limited because in many cases they have failed to take into account such important social trends as the changing role of women, the acceleration of alternative lifestyles, childless and delayed-child marriages and single-parent households.

Four variables are necessary to describe these changes: age, marital status, the presence or absence of children in the home, and their ages. In addition, our definition of marital status (at least for analysis purposes) must be relaxed to include any couple living together who are in a long-term relationship. Thus, while room-mates might not be considered 'married', a man and a woman who have established a household would be, as would two homosexual men or women who have a similar understanding.

When these changes are considered, this approach allows us to identify a set of categories that include many more types of family situations.<sup>32</sup> These categories, which are listed in Table 11.1, are derived by dividing consumers into groups in terms of age, whether there is more than one adult present, and whether there are children. For example, a distinction is made between the consumption needs of people in the Full nest I category (where the youngest child is under 6), the Full nest II category (where the youngest child is over 6), the Full nest III category (where the youngest child is over 6 and the parents are middle-aged), and the Delayed full nest (where the parents are in their forties but the youngest child is under 6).

### Life-cycle effects on buying

As might be expected, consumers classified into these categories show marked differences in consumption patterns. Young bachelors and newlyweds have the most 'modern' sex-role attitudes, are the most likely to exercise regularly, to go to pubs, concerts, the cinema and restaurants, and to go dancing; and they consume more alcohol. Families with young children are more likely to consume health foods such as fruit, juice and yogurt, while those made up of single parents and older children buy more junk foods. The monetary value of homes, cars and other durables is lowest for bachelors and single parents, but increases as people go through the full nest and childless couple stages. Perhaps reflecting the bounty of wedding gifts, newlyweds are the most likely to own appliances such as toasters, ovens and electric coffee grinders. Babysitter and day care usage is, of course, highest among single-parent and full nest households, while home maintenance services (e.g. lawnmowing) are most likely to be employed by older couples and bachelors.

The growth of these additional categories creates many opportunities for enterprising marketers. For example, divorced people undergo a process of transition to a new social role. This change is often accompanied by the disposal of possessions linked to the former role and the need to acquire a set of possessions that help to express the person's new identity as he or she experiments with new lifestyles.<sup>33</sup>

## ■ THE INTIMATE CORPORATION: FAMILY DECISION-MAKING

The decision process within a household unit in some ways resembles a business conference. Certain matters are put up for discussion, different members may have different priorities and agendas, and there may be power struggles to rival any tale of corporate intrigue. In just about every living situation, whether a conventional family, students sharing a house or apartment, or some other non-traditional arrangement, group members seem to take on different roles just as purchasing agents, engineers, account executives and others do within a company.

### Household decisions

- ▶ Two basic types of decisions are made by families.<sup>34</sup> In a **consensual purchase decision**, the group agrees on the desired purchase, differing only in terms of how it will be achieved. In these circumstances, the family will probably engage in problem-solving and consider alternatives until the means for satisfying the group's goal is found. For example, a household considering adding a dog to the family but concerned about who will take care of it might draw up a chart assigning individuals to specific duties.
- ▶ Unfortunately, life is not always that easy. In an **accommodative purchase decision**, group members have different preferences or priorities and cannot agree on a purchase that will satisfy the minimum expectations of all involved. It is here that bargaining, coercion, compromise and the wielding of power are all likely to be used to achieve agreement on what to buy or who gets to use it. Family decisions are often characterized by an accommodative rather than a consensual decision. Conflict occurs when there is incomplete correspondence in family members' needs and preferences. While money is the most common source of conflict between marriage partners, television choices come a close second!<sup>35</sup> Some specific factors determining the degree of family decision conflict include the following:<sup>36</sup>
  - *Interpersonal need* (a person's level of investment in the group): a child in a family situation may care more about what his or her family buys for the house than a college student who is living in student accommodation.
  - *Product involvement and utility* (the degree to which the product in question will be used or will satisfy a need): a family member who is an avid coffee drinker will obviously be more interested in the purchase of a new coffeemaker to replace a malfunctioning one than a similar expenditure for some other item.
  - *Responsibility* (for procurement, maintenance, payment, and so on): people are more likely to have disagreements about a decision if it entails long-term consequences and commitments. For example, a family decision about getting a dog may involve conflict regarding who will be responsible for walking and feeding it.
  - *Power* (or the degree to which one family member exerts influence over the others in making decisions): in traditional families, the husband tends to have more power than the wife, who in turn has more than the oldest child, and so on. In family decisions, conflict can arise when one person continually uses the power he or she has within the group to satisfy his or her priorities. For example, if Caleb believed that his mother was not very likely to buy him both CDs, he might be willing to resort to extreme



tactics to influence her, such as throwing a temper tantrum or refusing to participate in family chores.

In general, decisions will involve conflict among family members to the extent that they are important or novel and/or if individuals have strong opinions about good and bad alternatives. The degree to which these factors generate conflict determines the type of decision the family will make.<sup>37</sup>

## Sex roles and decision-making responsibilities

- ▶ Traditionally, some buying decisions, termed **autocratic decisions**, were made by one spouse. Men, for instance, often had sole responsibility for selecting a car, while most decorating choices fell to women. Other decisions, such as holiday destinations, were made jointly; these are known as **syncratic decisions**. According to a study conducted by Roper Starch Worldwide, wives tend to have the most say when buying groceries, children's toys, clothes and medicines. Syncratic decisions are common for cars, holidays, homes, appliances, furniture, home electronics, interior design and long-distance phone services. As the couple's education increases, more decisions are likely to be made together.<sup>38</sup>

### Identifying the decision-maker

The nature of consumer decision-making within a particular product category is an important issue for marketers, so that they know who to target and whether or not they need to reach both spouses to influence a decision. For example, when market research in the 1950s indicated that women were playing a larger role in household purchasing decisions, lawnmower manufacturers began to emphasize the rotary mower over other power mowers. Rotary mowers, which conceal the cutting blades and engine, were often depicted being used by young women and smiling grandmothers to relieve fears of injuries.<sup>39</sup>

- ▶ Researchers have paid special attention to which spouse plays the role of what has been called the **family financial officer (FFO)**, who keeps track of the family's bills and decides how any surplus funds will be spent. Among newlyweds, this role tends to be played jointly, and then over time one spouse or the other tends to take over these responsibilities.<sup>40</sup> Spouses usually exert significant influence on decision-making, even after one of them has died. An Irish study found that many widows claim to sense the continued presence of their dead husband, and to conduct 'conversations' with them about household matters.<sup>41</sup>

In traditional families (and especially those with low educational levels), women are primarily responsible for family financial management – the man makes it, and the woman spends it.<sup>42</sup> Each spouse 'specializes' in certain activities.<sup>43</sup> The pattern is different among families where spouses adhere to more modern sex-role norms. These couples believe that there should be more shared participation in family maintenance activities. In these cases, husbands assume more responsibility for laundering, house cleaning, day-to-day shopping, and so on, in addition to such traditionally 'male' tasks as home maintenance and waste removal.<sup>44</sup> Of course, cultural background is an important determinant of the dominance of the husband or wife. Husbands tend to be more dominant in decision-making among couples with a strong Mediterranean ethnic identification.<sup>45</sup> Even in northern Europe, the pattern of traditional 'male' and 'female' roles is still fairly strong.

Four factors appear to determine the degree to which decisions will be made jointly or by one or the other spouse:<sup>46</sup>

- 1 *Sex-role stereotypes*: Couples who believe in traditional sex-role stereotypes tend to make individual decisions for sex-typed products (i.e. those considered to be 'masculine' or 'feminine').

- 2 *Spousal resources*: The spouse who contributes more resources to the family has the greater influence.
- 3 *Experience*: Individual decisions are made more frequently when the couple has gained experience as a decision-making unit.
- 4 *Socio-economic status*: More joint decisions are made by middle-class families than in either higher- or lower-class families.



### multicultural dimensions

Traditional sex roles are quite prevalent in Japan, where women have less power than in any other industrialized country. The contraceptive pill is banned, and a wife is legally prohibited from using a different surname from that of her husband. Fewer than one in ten Japanese managers are women, one of the lowest ratios in the world (women are twice as likely to be managers in Mexico or Zimbabwe).

However, something of a quiet revolution is happening in Japanese homes as some obedient spouses have had enough. Recently women have started to rebel against the inevitability of getting married young and staying at home with babies. The number of unmarried people over the age of 30 has doubled in the last 20 years.

For those who do marry, things are changing as well. Traditionally, a wife would wait up all night for a drunken husband to come home so she could kneel down with her forehead touching the floor and proclaim, 'Welcome home, honourable sir'. Now, she is more likely to lock him out of the house until he sobers up. Most Japanese men are given a budget by their wives for lunch, cigarettes and girlie magazines. One housewife noted, 'Your home is managed very well if you make your men feel that they're in control when they are in front of others, while in reality you're in control.'<sup>47</sup>

Men's attitudes towards family life are also changing. Japanese fathers spend so much time working that more than a quarter of children surveyed said their dads never take them for a walk or play games with them. Owing to long working hours, a typical Japanese father has only 36 minutes a day to spend with his children. About 60 per cent of Japanese men typically do not eat breakfast at home, and about 30 per cent regularly miss dinner. Now, balancing work and family is becoming a heated topic, especially as recession weakens the guarantee of lifetime employment and men are re-examining their priorities.<sup>48</sup> This change was reflected in some recent McDonald's advertising, which showed doting fathers helping children with their bikes. This would not be noteworthy in America, but got a lot of attention in a country where fathers typically are shown as corporate warriors or even as superheroes (for example, a popular advertising character is called PepsiMan).

A hit Japanese software product called 'Princess Maker' is intended to give men more involvement in family life. The player controls the activities, hobbies and clothing of a girl character he 'raises' from childhood. He names her, picks her birthday and even chooses her blood group, which some Japanese believe determines character traits. The girl's progress is monitored in categories including sexiness, strength and intelligence. Note: This bestselling program would probably not go down too well in the West, since this 'virtual daughter' can be programmed to dress in lingerie! If the player makes unwise choices about her activities, she appears in a slinky dress and he is notified that she is destined to be a bar hostess.<sup>49</sup>

- Despite recent changes in decision-making responsibilities, women are still primarily responsible for the continuation of the family's **kin network system**: they perform the rituals intended to maintain ties among family members, both immediate and extended. This function includes such activities as coordinating visits among relatives, phoning and writing to family members, sending greetings cards, making social engagements, and so on.<sup>50</sup> This organizing role means that women often make important decisions about

the family's leisure activities, and are more likely to decide with whom the family will socialize.

With many women now working outside the home, men are participating more in housekeeping activities, but women continue to do the lion's share of household chores. Ironically, this even appears to be true when the woman's income actually exceeds her husband's.<sup>51</sup> Overall, the degree to which a couple adhere to traditional sex-role norms determines how much their allocation of responsibilities will fall along familiar lines and how their consumer decision-making responsibilities will be allocated.

### Heuristics in joint decision-making

The *synoptic ideal* calls for the husband and wife to take a common view and act as joint decision makers. According to this ideal, they would very thoughtfully weigh alternatives, assign to one another well-defined roles, and calmly make mutually beneficial consumer decisions. The couple would act rationally, analytically and use as much information as possible to maximize joint utility. In reality, however, spousal decision-making is often characterized by the use of influence or methods that are likely to reduce conflict. A couple 'reaches' rather than 'makes' a decision. This process has been described as 'muddling through'.<sup>52</sup>

One common technique for simplifying the decision-making process is the use of *heuristics* (see Chapter 8). Some decision-making patterns frequently observed when a couple makes decisions in buying a new house illustrate the use of heuristics:

- The couple's areas of common preference are based upon salient, objective dimensions rather than more subtle, hard-to-define cues. For example, a couple may easily agree on the number of bedrooms they need in the new home, but will have more difficulty achieving a common view of how the home should look.
- The couple agrees on a system of *task specialization*, where each is responsible for certain duties or decision areas and does not interfere in the other's. For many couples, these assignments are likely to be influenced by their perceived sex roles. For example, the wife may seek out houses in advance that meet their requirements, while the husband determines whether the couple can obtain a mortgage.
- Concessions are based on the intensity of each spouse's preferences. One spouse will yield to the influence of the other in many cases simply because his or her level of preference for a certain attribute is not particularly intense, where in other situations he or she will be willing to exert effort to obtain a favourable decision.<sup>53</sup> In cases where intense preferences for different attributes exist, rather than attempt to influence each other, spouses will 'trade off' a less-intense preference for a more strongly felt one. For example, a husband who is indifferent to kitchen design may yield to his wife, but expect that in turn he will be allowed to design his own garage workshop. It is interesting to note that many men apparently want to be very involved in making some decorating decisions and setting budgets – more than women want them to be. According to one survey, 70 per cent of male respondents felt the husband should be involved in decorating the family room, while only 51 per cent of wives wanted them to be.<sup>54</sup>

## ■ CHILDREN AS DECISION-MAKERS: CONSUMERS-IN-TRAINING

Anyone who has had the 'delightful' experience of supermarket shopping with one or more children knows that children often have a say in what their parents buy, especially for products like breakfast cereal.<sup>55</sup> In addition, children increasingly are being recognized as a potential market for traditionally adult products. For example, Kodak is putting a lot of promotional effort into encouraging children to become photographers. Most



Children begin making selections and purchases of products at an early age. By the time they reach their teens, the process of socialization and peer influence is well underway. Teenage girls and their horses are a clear example of this socialization process with respect to lifestyle choices and consumption behaviours.

Photo: Gary Bamossy

children nowadays own or have access to a digital camera, and taking photos is seen as a cool pursuit. Websites which will post photos and mail printed photos to children are flourishing, as children take more control of their own photo collections.

- ▶ **Parental yielding** occurs when a parental decision maker is influenced by a child's request and 'surrenders'. The likelihood of this occurring is partly dependent on the dynamics within a particular family – as we all know, parental styles range from permissive to strict, and they also vary in terms of the amount of responsibility children are given to make decisions.<sup>56</sup> The strategies children use to request purchases were documented in one study. While most children simply asked for things, other common tactics included saying they had seen it on television, saying that a sibling or friend had it, or bargaining by offering to do chores. Other actions were less innocuous; they included directly placing the object in the trolley and continuous whining – often a 'persuasive' behaviour!<sup>57</sup>



**multicultural  
dimensions**

In a controversial effort to control the size of its population, The People's Republic of China offers many incentives for parents to have only one child. One by-product of this campaign is that some claim the country is producing a pampered generation of spoiled only children, who are called 'little emperors'. Parents are trying to give these offspring a rich childhood which they themselves didn't enjoy during the dark days of the Cultural Revolution. They are spending a very large portion of family income on toys, books and computers. Baby food, which didn't exist in China a couple of decades ago, is now a major budget item.<sup>58</sup>

Of course, the Chinese are not alone in viewing the child as a status symbol. Infant wear and other items for toddlers has become a \$23 billion business in North America and Western Europe. Dual-career couples are waiting longer to start a family and thus are able to spend more on them – the number of women aged 30 or over when the first child is born has quadrupled since 1970, and the number of first children born to women over 40 has more than doubled. As a result, children's designer clothing is booming – Versace sells a \$250 black motorcycle jacket for the junior James Dean, and Nicole Miller offers a \$150 cocktail dress for the petite *femme fatale*.<sup>59</sup> And infants are not being left out: Ralph Lauren sells a cashmere blanket for \$350, L.L. Bean, the direct marketer of outdoor gear, has added toddler snow suits to its catalogues, and Nike is marketing a line of toddler athletic wear.<sup>60</sup>

Children often play important roles in family consumer decision-making, and they are gaining responsibility as consumers in their own right. They continue to support the toy and sweet industries, of course, but now they also buy and/or influence the purchase of many other products as well. For better or for worse, the new generation is, as the bumper sticker proclaims, 'Born to Shop'. Shopping now ranks among the top seven interests and activities of America's children.<sup>61</sup> Over 80 per cent of young respondents in one survey said their primary wish was to have more money to buy things.<sup>62</sup> In the next section, we'll consider how children learn to make these choices.

## Consumer socialization

Children do not spring from the womb with consumer skills already in memory. ► **Consumer socialization** has been defined as the process 'by which young people acquire skills, knowledge, and attitudes relevant to their functioning in the marketplace'.<sup>63</sup> Where does this knowledge come from? Friends and teachers certainly participate in this process. For instance, children talk to one another about consumer products, and this tendency increases with age.<sup>64</sup> Especially for young children, though, the two primary socialization sources are the family and the media.

### Influence of parents

Parents' influences in consumer socialization are both direct and indirect. They deliberately try to instil their own values about consumption in their children ('you're going to learn the value of the pound/euro'). Parents also determine the degree to which their children will be exposed to other information sources, such as television, salespeople and peers.<sup>65</sup> Grown-ups serve as significant models for observational learning (see Chapter 3). Children learn about consumption by watching their parents' behaviour and imitating it. This modelling is facilitated by marketers who package adult products in child versions.

The process of consumer socialization begins with infants, who accompany their parents to shops where they are initially exposed to marketing stimuli. Within the first two years of life, children begin to make requests for desired objects. As children learn to walk, they also begin to make their own selections when they are in shops. By the age of 5, most children are making purchases with the help of parents and grandparents, and by 8 most are making independent purchases and have become fully-fledged consumers.<sup>66</sup> The sequence of steps involved in turning children into consumers is summarized in Figure 11.3.

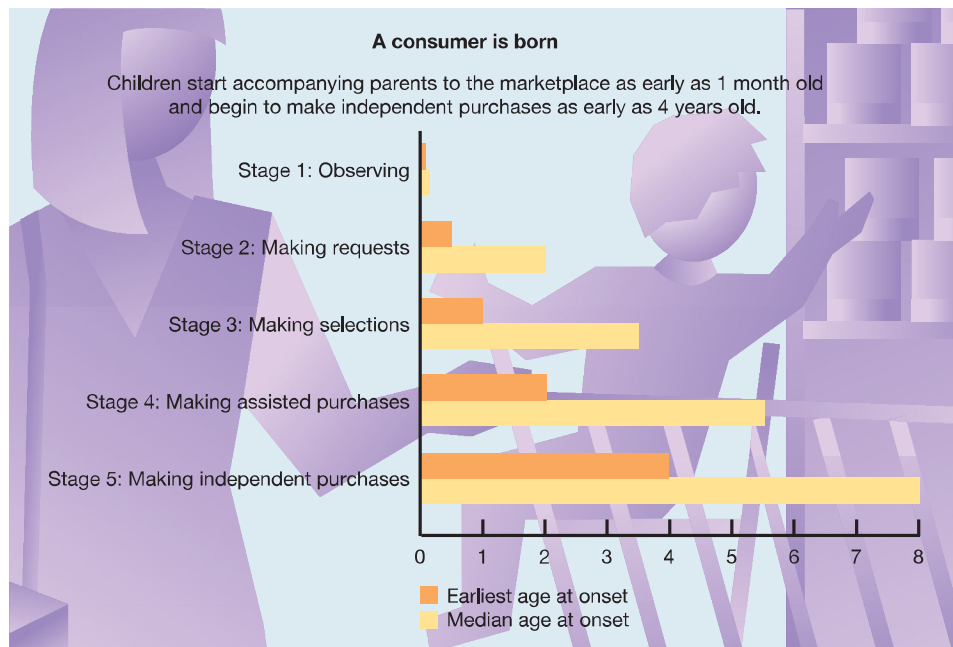


### marketing pitfall

Three dimensions combine to produce different 'segments' of parental styles. Parents characterized by certain styles have been found to socialize their children differently.<sup>67</sup> 'Authoritarian parents', who are hostile, restrictive and emotionally uninvolved, do not have warm relationships with their children, are active in filtering the types of media to which their children are exposed, and tend to have negative views about advertising. 'Neglecting parents' also do not have warm relationships, but they are more detached from their children and exercise little control over what their children do. In contrast, 'indulgent parents' communicate more with their children about consumption-related matters and are less restrictive. They believe that children should be allowed to learn about the marketplace without much interference.



**Figure 11.3** Five stages of consumer development by earliest age at onset and median age at onset



Source: Adapted from James U. McNeal and Chyon-Hwa Yeh, 'Born to shop', *American Demographics* (June 1993): 36.



European and global brands are part of the social expression of young children, as well as their parents!

The Advertising Archives



Girls playing with Lego.  
Photo: Søren Askegaard

### Influence of television: 'the electric babysitter'

It's no secret that children watch a lot of television. As a result, they are constantly bombarded with messages about consumption, both contained in commercials and in the programmes themselves. The medium teaches people about a culture's values and myths. The more a child is exposed to television, whether the programme is a local 'soap' or *Baywatch* the more he or she will accept the images depicted there as real.<sup>68</sup> In Britain, *Teletubbies* went a step further – it was made for viewers from 3 months to 2 years old. It's unclear if this show would succeed in the United States, since babies aren't seen as a lucrative market for advertising messages (yet!).<sup>69</sup>

In addition to the large volume of programming targeted directly at children, children also are exposed to idealized images of what it is like to be an adult. Since children over the age of 6 spend about a quarter of their television viewing during prime time, they are affected by programmes and commercials targeted at adults. For example, young girls exposed to adult lipstick commercials learn to associate lipstick with beauty.<sup>70</sup>

### Sex-role socialization

Children pick up on the concept of gender identity at an earlier age than was previously believed – perhaps as young as age 1 or 2. By the age of 3, most children categorize driving a truck as masculine and cooking and cleaning as feminine.<sup>71</sup> Even cartoon characters who are portrayed as helpless are more likely to wear frilly or ruffled dresses.<sup>72</sup> Toy companies perpetuate these stereotypes by promoting gender-linked toys with commercials that reinforce sex-role expectations through their casting, emotional tone and copy.<sup>73</sup>

One function of child's play is to rehearse for adulthood. Children 'act out' different roles they might assume later in life and learn about the expectations others have of them. The toy industry provides the props children use to perform these roles.<sup>74</sup> Depending on which side of the debate you're on, these toys either reflect or teach children about what society expects of males versus females. While pre-school boys and girls do not exhibit many differences in toy preferences, after the age of 5 they part company: girls tend to stick with dolls, while boys gravitate towards 'action figures' and high-tech diversions. Industry critics charge that this is because the toy industry is dominated by

males, while toy company executives counter that they are simply responding to children's natural preferences.<sup>75</sup>

Often 'traditional' sex roles are stressed in children's products; the same item may be designed and positioned differently for boys and girls. Huffy, for example, manufactures bicycles for both boys and girls. The boys' versions have names such as 'Sigma' and 'Vortex', and they are described as having 'maxed-out features that'll pump your pulse'. The girls' version is more demure. It is called 'Sweet Style', and comes in pink or purple. As a company executive described it in contrast to the boys' bikes, the girls' model 'is a fashion bike. It's not built for racing or jumping – just the look.'<sup>76</sup>

## Cognitive development

The ability of children to make mature, 'adult' consumer decisions obviously increases with age (not that grown-ups always make mature decisions). Children can be segmented

- ▶ by age in terms of their **stage of cognitive development**, or ability to comprehend concepts of increasing complexity. Some recent evidence indicates that young children are able to learn consumption-related information surprisingly well, depending on the format in which the information is presented (for instance, learning is enhanced if a videotaped vignette is presented to small children repeatedly).<sup>77</sup>

- ▶ The foremost proponent of the idea that children pass through distinct stages of **cognitive development** was the Swiss psychologist Jean Piaget, who believed that each stage is characterized by a certain cognitive structure the child uses to handle information.<sup>78</sup> In one classic demonstration of cognitive development, Piaget poured the contents of a short, squat glass of lemonade into a taller, thinner glass. Five-year-olds, who still believed that the shape of the glass determined its contents, thought this glass held more liquid than the first glass. They are in what Piaget termed a *preoperational stage of development*. In contrast, 6-year-olds tended to be unsure, but 7-year-olds knew the amount of lemonade had not changed.

Many developmental specialists no longer believe that children necessarily pass through these fixed stages at the same time. An alternative approach regards children as differing in information-processing capability, or the ability to store and retrieve information from memory (see Chapter 3). The following three segments have been identified by this approach:<sup>79</sup>

- 1 *Limited*: Below the age of 6, children do not employ storage and retrieval strategies.
- 2 *Cued*: Children between the ages of 6 and 12 employ these strategies, but only when prompted.
- 3 *Strategic*: Children aged 12 and older spontaneously employ storage and retrieval strategies.

This sequence of development underscores the notion that children do not think like adults, and they cannot be expected to use information in the same way. It also reminds us that they do not necessarily form the same conclusions as adults do when presented with product information. For example, children are not as likely to realize that something they see on television is not 'real', and as a result they are more vulnerable to persuasive messages.

## Marketing research and children

Despite their buying power, relatively little real data on children's preferences or influences on spending patterns is available. Compared with adults, children are difficult subjects for market researchers. They tend to be unreliable reporters of their own behaviour, they have poor recall, and they often do not understand abstract questions.<sup>80</sup>

This problem is compounded in Europe, where some countries restrict marketers' ability to interview children.

Still, market research can pay off, and many companies, as well as a number of specialized firms, have been successful in researching some aspects of this segment.<sup>81</sup> After interviewing elementary school pupils, Campbell's Soup discovered that children like soup, but don't like to admit it because they associate it with 'nerds'. The company decided to reintroduce the Campbell kids in its advertising after a prolonged absence, but they are now slimmed down and more athletic to reflect an updated, 'un-nerdy' image.<sup>82</sup>

### Product testing

A particularly helpful type of research with children is product testing. Young subjects can provide a valuable perspective on which products will succeed. One confectionery company has a Candy Tasters Club, composed of 1,200 kids aged 6 to 16, who evaluate its product ideas. For example, the group vetoed the idea of a Batman lollipop, claiming that the superhero was too macho to be sucked.<sup>83</sup> The Fisher-Price Company maintains a nursery known as the Playlab. Children are chosen from a waiting list of 4,000 to play with new toys, while staff members watch from behind a one-way mirror.<sup>84</sup> H.J. Heinz held a contest for children to create new ketchup bottle labels and received about 60,000 entries; Binney & Smith asked children to rename its Crayola crayons after personal heroes.<sup>85</sup>

Other techniques include ethnographic research, where researchers spend time with children or videotape them as they shop. The most successful interviewers are those who try not to be 'adultcentric' (i.e. as an adult authority figure who assumes that children's beliefs are just unreal fantasies); they act as a friend to the children and are willing to use a variety of projective techniques and props to get children to express themselves in their own terms.<sup>86</sup>

### Message comprehension

Since children differ in their ability to process product-related information, many serious ethical issues are raised when advertisers try to appeal directly to them.<sup>87</sup> Children tend to accept what they see on television as real, and they do not necessarily understand the persuasive intent of commercials – that they are paid advertisements. Pre-school children may not have the ability to make any distinctions between programming and commercials.

Children's cognitive defences are not yet sufficiently developed to filter out commercial appeals, so in a sense altering their brand preferences may be likened to 'shooting fish in a barrel', as one critic put it.<sup>88</sup> Although some ads include a disclaimer, which is a disclosure intended to clarify a potentially misleading or deceptive statement, the evidence suggests that young children do not understand these either.<sup>89</sup> The Children's Advertising Review Unit (CARU) drew up guidelines for child-oriented websites after receiving complaints that children had difficulty distinguishing ads from content. These include clear identification of the sponsor and the right to cancel purchases made online.<sup>90</sup>

Children's level of understanding is especially hard to assess, since pre-schoolers are not very articulate. One way round this problem is to show pictures of children in different scenarios, and ask the subjects to point to the sketch that corresponds to what a commercial is trying to get them to do. The problem with children's processing of commercials has been exacerbated by television programming that essentially promotes toys (Transformers, for example). This format has been the target of a lot of criticism because it blurs the line between programming and commercials (much like 'infomercials' for adults, as described in Chapter 8).<sup>91</sup> Parents' groups object to such shows because, as one mother put it, the 'whole show is one big commercial'.<sup>92</sup>

## CHAPTER SUMMARY

- Many purchasing decisions are made by more than one person. Collective decision-making occurs whenever two or more people are involved in evaluating, selecting or using a product or service.
- Demographics are statistics that measure a population's characteristics. Some of the most important of these relate to family structure, e.g. the birth rate, the marriage rate and the divorce rate. In Europe, collecting reliable and comparable data regarding the family unit has not always been a straightforward process.
- A household is an occupied housing unit. The number and type of European households is changing in many ways, for example through delays in getting married and having children, and in the composition of family households, which increasingly are headed by a single parent. New perspectives on the family life cycle, which focuses on how people's needs change as they move through different stages in their lives, are forcing marketers to consider more seriously such consumer segments as homosexuals, divorcees and childless couples when they develop targeting strategies.
- Families must be understood in terms of their decision-making dynamics. Spouses in particular have different priorities and exert varying amounts of influence in terms of effort and power. Children are also increasingly influential during a widening range of purchase decisions.
- Children undergo a process of socialization, whereby they learn how to be consumers. Some of this knowledge is instilled by parents and friends, but a lot of it comes from exposure to mass media and advertising. Since children are in some cases so easily persuaded, the ethical aspects of marketing to them are hotly debated among consumers, academics and marketing practitioners.

### ► KEY TERMS

**Accommodative purchase decision**  
(p. 410)

**Autocratic decisions** (p. 411)

**Cognitive development** (p. 418)

**Consensual purchase decision** (p. 410)

**Consumer socialization** (p. 415)

**Extended family** (p. 405)

**Family financial officer (FFO)** (p. 411)

**Family household** (p. 405)

**Family life cycle (FLC)** (p. 408)

**Fertility rate** (p. 406)

**Kin network system** (p. 412)

**Nuclear family** (p. 405)

**Parental yielding** (p. 414)

**Stage of cognitive development** (p. 418)

**Syncratic decisions** (p. 411)



## CONSUMER BEHAVIOUR CHALLENGE

- 1 Review a number of popular media which are published in countries in southern Europe as well as media targeted for northern European countries. How do the ads' depictions of *family* seem to differ by region? In what sorts of consumption situations do they seem highly similar? Why?



- 2 Do you think market research should be performed on children? Give the reasons for your answer. What do you think about the practice of companies and survey firms collecting public data (e.g. from marriage licences, birth records or even death announcements) to compile targeted mailing lists? State your opinion from both a consumer's and marketer's perspective.
- 3 Marketers have been criticized for donating products and services to educational institutions in exchange for free promotion. Is this a fair exchange, in your opinion, or should corporations be prohibited from attempting to influence youngsters in school?
- 4 For each of the following five product categories - groceries, cars, holidays, furniture and appliances - describe the ways in which you believe a married couple's choices would be affected if they had children.
- 5 In identifying and targeting newly divorced couples, do you think marketers are exploiting these couples' situations? Are there instances where you think marketers may actually be helpful to them? Support your answers with examples.
- 6 Arrange to interview two married couples, one younger and one older. Prepare a response form listing five product categories - groceries, furniture, appliances, holidays and cars - and ask each spouse to indicate, without consulting the other, whether purchases in each category are made by joint or unilateral decisions and to indicate whether the unilateral decisions are made by the husband or the wife. Compare each couples' responses for agreement between husbands and wives relative to who makes the decisions and compare both couples' overall responses for differences relative to the number of joint versus unilateral decisions. Report your findings and conclusions.
- 7 Collect ads for three different product categories in which the family is targeted. Find another set of ads for different brands of the same items in which the family is not featured. Prepare a report on the effectiveness of the approaches.
- 8 Observe the interactions between parents and children in the cereal section of a local supermarket. Prepare a report on the number of children who expressed preferences, how they expressed their preferences and how parents responded, including the number who purchased the child's choice.
- 9 Watch three hours of children's programming on commercial television stations and evaluate the marketing techniques used in the commercials in terms of the ethical issues raised in the final section of this chapter. Report your findings and conclusions.
- 10 Select a product category and, using the life-cycle stages given in the chapter, list the variables that will affect a purchase decision for the product by consumers in each stage of the cycle.
- 11 Consider three important changes in modern European family structure. For each, find an example of a marketer who has attempted to be conscious of this change as reflected in product communications, retailing innovations, or other aspects of the marketing mix. If possible, also try to find examples of marketers who have failed to keep up with these developments.

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## INCOME AND SOCIAL CLASS



Finally, the big day has come! David is going home with Julia to meet her parents. David had been doing some contracting work at the publishing company where Julia works, and it was love at first sight. Even though David had attended the 'School of Hard Knocks' on the streets of Liverpool, while Julia studied Classics at Trinity College, Oxford, somehow they knew they could work things out despite their vastly different social backgrounds. Julia's been hinting that the Caldwells have money from *several* generations back, but David doesn't feel intimidated. After all, he knows plenty of guys from both Liverpool and London who have

wheeled-and-dealed their way into six figures; he thinks he can handle one more big shot in a silk suit, flashing a roll of bills and showing off his expensive modern furniture with mirrors and gadgets everywhere you look.

When they arrive at the family estate 90 minutes outside London, David looks for a Rolls-Royce parked at the end of the long, tree-lined driveway, but he sees only a Jeep Cherokee - which, he decides, must belong to one of the servants. Once inside, David is surprised by how simply the house is decorated and by how understated everything seems. The hall floor is covered with a faded Oriental rug, and all the furniture looks really old - in fact, there doesn't seem to be a stick of new furniture anywhere, just a lot of antiques.

David is even more surprised when he meets Mr Caldwell. He had half-expected Julia's father to be wearing a tuxedo and holding a large glass of cognac like the people on *Lifestyles of the Rich and Famous*. In fact, David had put on his best Italian silk suit in anticipation and was wearing his large cubic zirconium ring so Mr Caldwell would know that he had money too. When Julia's father emerges from his study wearing an old rumpled cardigan and plimsolls, David realizes he's definitely not in the same world . . .

## ■ CONSUMER SPENDING AND ECONOMIC BEHAVIOUR

As David's eye-opening experience at the Caldwells' suggests, there are many ways to spend money, and a wide gulf exists between those who have it and those who don't. Perhaps an equally wide one exists between those who have had it for a long time and those who 'made it the hard way – by earning it!' This chapter begins by considering briefly how general economic conditions affect the way consumers allocate their money. Then, reflecting the adage 'The rich are different', it will explore how people who occupy different positions in society consume in very different ways. Whether a person is a skilled worker like David or a child of privilege like Julia, his or her social class has a profound impact on what he or she does with money and on how consumption choices reflect the person's 'place' in society.

- ▶ As this chapter illustrates, these choices play another purpose as well. The specific products and services we buy are often intended to make sure *other* people know what our social standing is – or what we would like it to be. Products are frequently bought and displayed as markers of social class: they are valued as **status symbols**. Indeed, it is quite common for a product to be positioned on the basis of its (presumed) place in the social hierarchy. The chapter concludes with an assessment of the evolving natures of such status symbols, and it considers some reasons why status-driven products are not always accurate indicators of a consumer's true social standing.
- ▶ The field of **behavioural economics**, or economic psychology, is concerned with the 'human' side of economic decisions. Beginning with the pioneering work of the psychologist George Katona, this discipline studies how consumers' motives and their expectations about the future affect their current spending, and how these individual decisions add up to affect a society's economic well-being.<sup>1</sup>

### Income patterns

Many Europeans would probably say that while they are comfortable, they don't earn enough money. In reality, the average European's standard of living continues to improve. Gross Domestic Product more than doubled and in some EU countries quadrupled between 1980 and 1995, although this boom was by no means shared equally among all consumer groups.<sup>2</sup> Individual income shifts were linked to two key factors: a shift in women's roles and increases in educational attainment.<sup>3</sup>

#### Woman's work

One reason for this increase in income is that there has also been a larger proportion of people of working age participating in the labour force. While men are more likely to have paid employment than women are, the greatest increases in paid employment in EU countries over the past decade have been among women. This steady increase in the numbers of working women is a primary cause of the increase in household incomes. Still, throughout the Union, women's average full-time earnings are less than men's, and 30 per cent of women in employment are working part-time, against only 6.5 per cent of men. Female part-time is particularly prevalent in The Netherlands, where it accounts for almost 75 per cent of female employment, and the United Kingdom (44 per cent).<sup>4</sup> In 2001, the average gross monthly wage of women working on a full-time basis was 76 per cent of the earnings of a man. In Belgium, Denmark, Luxembourg and Sweden, the average wages of women are equivalent to 84–85 per cent of men's. In Ireland, the Netherlands, and the UK, on the other hand, women's wages represent only 69–70 per cent of men's.<sup>5</sup> The differences in pay are particularly high among older workers, the highly skilled and those employed with supervisory job status. Men are not only more concentrated in higher paid sectors and occupations, but within these sectors and occupations they are also more likely than women to hold supervisory responsibilities and if

**Figure 12.1** Difference between men's and women's annual average earnings as a percentage of men's annual average earnings, 2001



Note: Reference year ES, FR, LU, PT, HU: 2000.

Source: Based on Eurostat, *Harmonised Statistics on Earnings*, Figure 41 (Luxembourg: Office for Official Publications of the European Communities, 2004). © European Communities, 2004.

they do so the earnings are relatively higher.<sup>6</sup> Yet in spite of these increases in household income, women are more likely to be in part-time work, a situation which reflects the more traditional activities of caring for the household and children living at home – activities that are still seen as primarily their responsibility. As discussed in the previous chapter, family situation, the number and age of children living at home and the educational level of women heavily influence their employment activities.

Figure 12.1 shows the 'gender pay gap' between men and women in the EU-25 countries.

### Yes, it pays to go to school!

Another factor that determines who gets a bigger slice of the pie is education. Although the expense of going to college often entails great sacrifice, it still pays in the long run. University and higher professional study graduates earn about 50 per cent more than those who have gone through secondary school only during the course of their lives. Close to half of the increase in consumer spending power during the past decade came from these more highly educated groups. Full-time employees with a tertiary education qualification earn on average considerably more than those who have completed upper secondary school (A-levels, *Baccalauréat*, Abitur, HBO or equivalent). In general, the trend is that the younger generation of Europeans is better qualified than the older generations. In 2002, 77 per cent of the younger generation aged 20–24 had completed at least upper secondary education (*Baccalauréat*, Abitur, HBO, apprenticeship) compared with only 55 per cent of people aged 50–64.<sup>7</sup>

## To spend or not to spend, that is the question

A basic assumption of economic psychology is that consumer demand for goods and services depends on ability to buy *and* willingness to buy. While demand for necessities tends to be stable over time, other expenditures can be postponed or eliminated if people don't feel that now is a good time to spend.<sup>8</sup> For example, a person may decide to 'make do' with his or her current car for another year rather than buy a new car now.

### Discretionary spending

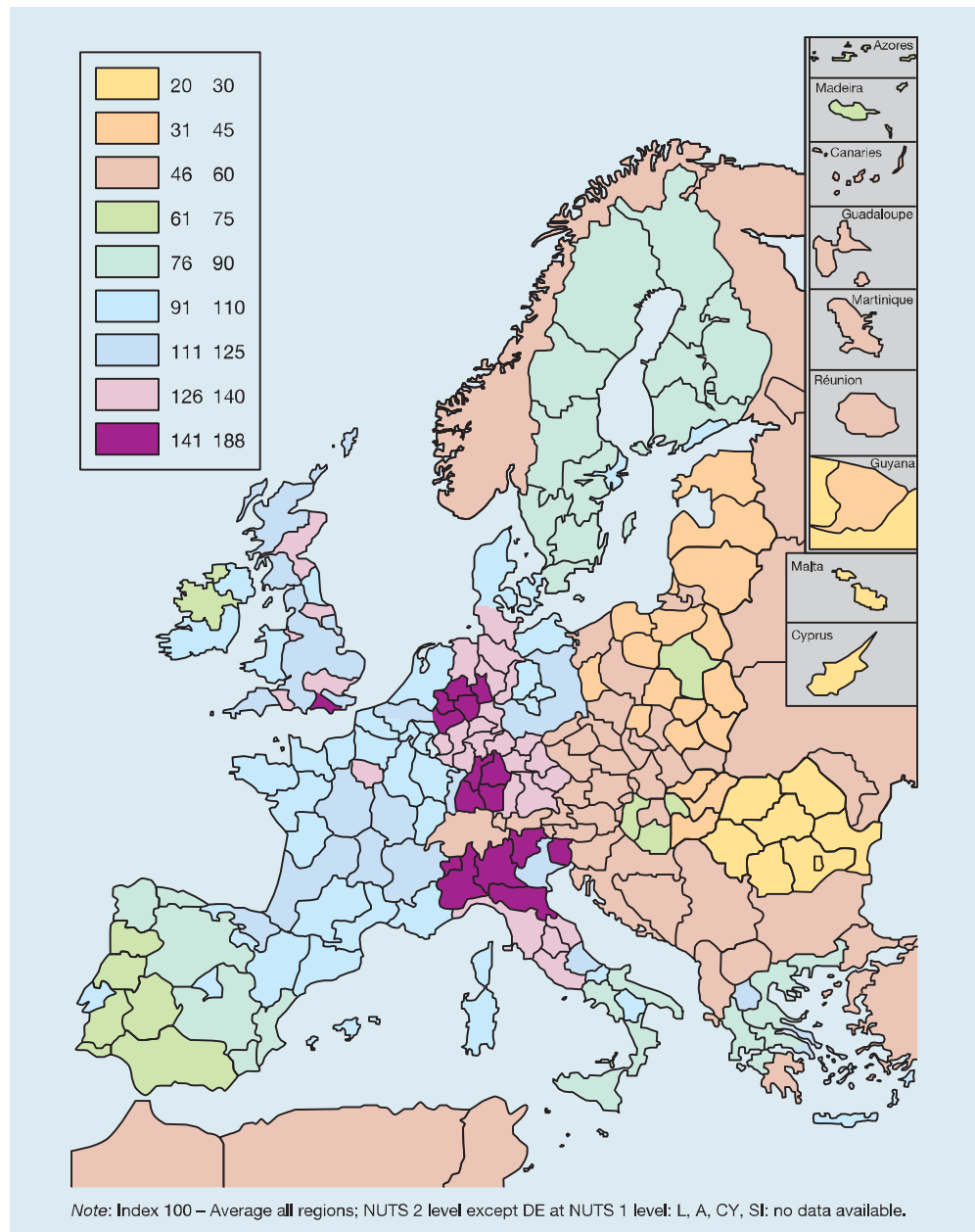
- **Discretionary income** is the money available to a household over and above that required for a comfortable standard of living. European consumers are estimated to have discretionary spending power in billions of euros per year, and it is consumers aged 35–55 whose incomes are at a peak who account for the greatest amounts. As might be expected, discretionary income increases as overall income goes up. However, income distributions vary between different EU countries, with households earning more than 100,000 euros accounting for less than 5 per cent of all families. Still, they have more than a quarter of the EU's discretionary income at their disposal.<sup>9</sup> Within the EU, the bottom (poorest) 20 per cent of the population received only 7.6 per cent of total income in 1996, while the top (richest) 20 per cent received 39.3 per cent of total income (i.e. 5.2 times more). This gap between the most and least well-off persons (known as the *share ratio*  $S80/S20$ ) is smallest in Denmark (2.9) and Austria (4.0). It is widest in the four southern member states, with Portugal recording the highest ratio (6.8). Figure 12.2 gives a graphic overview of disposable incomes in the income distribution for all member states in 2000. While discretionary income is a powerful tool for predicting certain types of consumer behaviour, it is not always a measure for which straightforward comparisons between countries can be easily made. Factors such as different levels of sales tax (VAT) or varying levels of direct family benefits for children under 19 years of age living at home in various EU countries account for differences in what constitutes true discretionary income.

### Individual attitudes towards money

Many consumers are entertaining doubts about their individual and collective futures, and are anxious about holding on to what they have. A consumer's anxieties about money are not necessarily related to how much he or she actually has: acquiring and managing money is more a state of mind than of wallet. Money can have a variety of complex psychological meanings: it can be equated with success or failure, social acceptability, security, love or freedom.<sup>10</sup> Some clinical psychologists even specialize in treating money-related disorders, and report that people feel guilty about their success and deliberately make bad investments to ease this feeling! Other clinical conditions include atephoria (fear of being ruined), harpaxophobia (fear of becoming a victim of robbers), peniaphobia (fear of poverty) and aurophobia (fear of gold).<sup>11</sup> The Roper/Starch survey found that security was the attribute most closely linked to the meaning of money. Other significant associations included comfort, being able to help one's children, freedom and pleasure.<sup>12</sup>

## Consumer confidence

- A consumer's beliefs about what the future holds is an indicator of **consumer confidence**, which reflects the extent to which people are optimistic or pessimistic about the future health of the economy and how they will fare in the future. These beliefs influence how much money a consumer will pump into the economy when making discretionary purchases. Many businesses take forecasts about anticipated spending very seriously, and periodic surveys attempt to 'take the pulse' of the European consumer. The Henley Centre

**Figure 12.2** Disposable income per capita across the EU-25, 2000

Source: Eurostat, *Statistics in Focus*, Theme 3-7/2003 (Luxembourg: Office for Official Publications of the European Communities, 2004): 113, Map 2. © European Communities 2004.

conducts a survey of consumer confidence, as does Eurostat and the EuroMonitor. The following are the types of questions posed to consumers in these surveys.<sup>13</sup>

*'My standard of living will change for the better over the next year.'*

*'My quality of life will improve over the next year.'*

*'I will have a lack of money when I retire.'*

*'I spend too much of my income, and intend to spend less next year.'*

*'I am concerned about the amount of free time I have.'*



When people are pessimistic about their prospects and about the state of the economy, they tend to cut back their spending and take on less debt. On the other hand, when they are optimistic about the future, they tend to reduce the amount they save, take on more debt and buy discretionary items. The overall **savings rate** thus is influenced by individual consumers' pessimism or optimism about their personal circumstances (for example, fear of being laid off vs. a sudden increase in personal wealth due to an inheritance), as well as by world events (for example the election of a new government or an international crisis such as the Gulf War) and cultural differences in attitudes towards saving (the Japanese have a much higher savings rate than do Europeans or Americans).<sup>14</sup>

### Seeking value vs. quality

In an era of diminished resources, Europeans are redefining traditional relationships among price, value and quality. In the past (most notably in the 1980s), people seemed to be willing to pay almost anything for products and services. Consumers still claim to want quality – but at the right price. In surveys, most people report that they regret the conspicuous consumption of the 1980s and feel the need to live with less. The attitude of the 1990s was more practical and reflected a 'back to basics' orientation. People now want more hard news instead of 'hype' from advertising, and they appreciate ads that feature problem-solving tips or that save money or time. European youth (age range 12–24) in particular are more sceptical of advertising messages, relative to the total population.

Nonetheless, the general quality of life, and life satisfaction of European consumers is high, with some important distinctions: there are big differences between the EU-15 countries and the new member states with respect to perceived quality of life and life satisfaction. Also, levels of satisfaction are more heterogeneous among citizens of the new member states and in the EU-15. Figure 12.3 shows life satisfaction measures by country for the EU-25 countries.

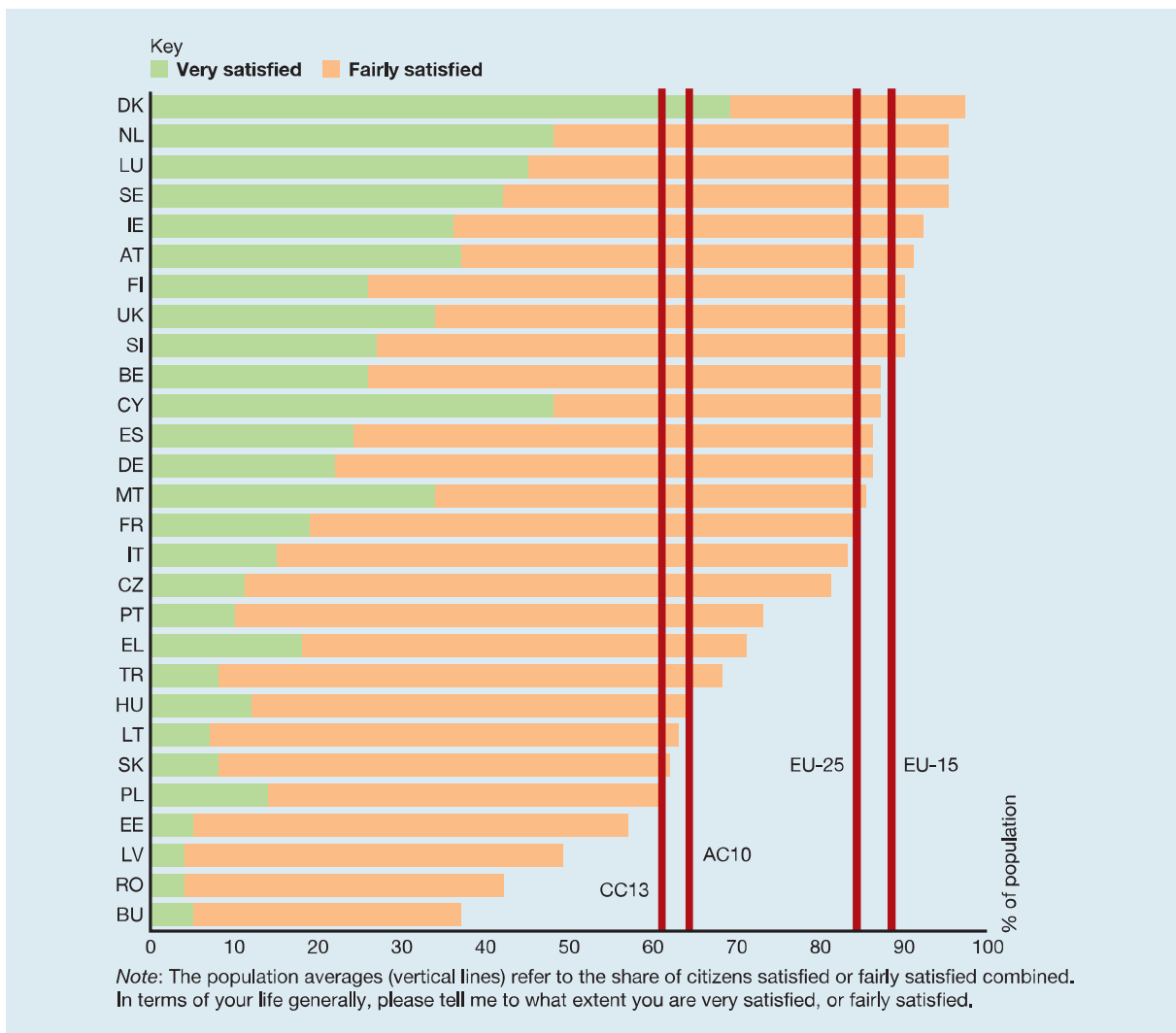


**marketing  
opportunity**

### What are the determinants of subjective quality of life and life satisfaction?

The abstract idea of what constitutes quality of life does not differ that much across Europe, and if there are differences, there is no clear divide between EU-15 countries and the new member states. The reason for this basic similarity is that the dominant concerns in all countries are income, family life and health. However, whereas abstract ideas of a good life are rather similar, actual determinants of life satisfaction are not:

- In many new member states, income satisfaction is of key importance for overall life satisfaction. Hence, improving income satisfaction is the best way to improve life satisfaction. In general, following income improvement, satisfaction with health and with family life also have a strong impact of how people evaluate their lives.
- In the EU-15 countries, income satisfaction matters less for life satisfaction. On the whole, satisfaction with family life and social life are the strongest determinants of subjective quality of life in these countries.
- The paramount importance of income in the East and its relative low importance in the West once again are linked with differences in economic development. Consumers in the new member states, at present, put greater emphasis on material demands, which are currently under-fulfilled in these countries to a large degree.<sup>15</sup>

**Figure 12.3** Life satisfaction by country

Source: Eurostat, *Statistics in Focus*, Theme 3-24/2003 (Luxembourg: Office for Official Publications of the European Communities, 2004).  
 © European Communities, 2004.

## ■ SOCIAL CLASS

All societies can be roughly divided into the haves and the have-nots (though sometimes 'having' is a question of degree). While social equality is a widely held value throughout Europe, the fact remains that some people seem to be more equal than others. As David's encounter with the Caldwells suggests, a consumer's standing in society, or **social class**, is determined by a complex set of variables, including income, family background and occupation.

The place one occupies in the social structure is not just an important determinant of *how much* money is spent. It also influences *how* it is spent. David was surprised that the Caldwells, who clearly had a lot of money, did not seem to flaunt it. This understated way of living is a hallmark of so-called 'old money'. People who have had it for a long time don't need to prove they've got it. In contrast, consumers who are relative newcomers to affluence might allocate the same amount of money very differently.



### marketing opportunity

'Winston Churchill preferred his with starched linen collars and loops on the shoulders to hold up his braces. Prince Charles has his fitted in the privacy of his palace, while fashion mogul Ralph Lauren - who, you'd imagine, could get them for free at his own shop - sometimes orders dozens at a time. And then there's the rather eccentric customer who wants his to resemble Australian prisoner uniforms - but made of cream-coloured silk.

What all these people have in common - the politicians and powerbrokers, royals and the slightly offbeat - is a desire for the simple luxury of a custom-made shirt. And not just any old made-to-measure shirt: these garments must be from the famous craftsmen of Jermyn Street, whose shops in London's SW1 district cater to connoisseurs with a passion for fine tailoring and a perfect fit. At prices from £100 to £155 per shirt, depending on the cloth, and with a minimum order of between four and six, you probably can't afford to wear anything else.

Jermyn Street tailors have been practising the art of fine service and attention to detail for over a century - it's what their customers expect from the place acknowledged as the world's capital of made-to-measure shirts. 'We have created a unique market, and have attracted the top customers, who feel quite comfortable here', notes Paul Cuss, chief patternmaker at Turnbull and Asser, the holder of the coveted Royal Warrant for shirtmaking, and the shop that supplies Prince Charles . . . among others. According to Mr Cuss, 'It's very establishment, very clubby.' With its heavy wooden furniture, stuffed hunting trophies and velvet Hapsburgian smoking jackets for sale, along with ties, bathrobes and boxer shorts and a framed picture of Winston Churchill, Turnbull and Asser's cosy emporium is a gentlemen's world straight out of *Country Life* magazine.

One can imagine the Jermyn Street of old, when landed gentry and Etonian schoolboys travelled there to buy their shirts in a rite of passage for the aristocracy, and in the process established the street's reputation. While Jermyn Street thrives on tradition, their clients come from all over the world. The French and fashion-conscious Italians come for the 'tailored English look', but the shirtmakers admit to following fashion trends: among the serious solid whites and blues are a few shocking pink, lilac and dayglow orange samples.

Precise construction of the shirt also means that it takes time to have the garment finished. After measuring, there's a wait of around two weeks for a sample to be made. Then there's a trial period of washing and wearing, to see if the fit is right. Finally, the hand-cutters and sewers get to work, and in six to eight weeks the masterpiece is ready - and you can walk proudly down the street, knowing you've joined an exclusive club whose members say price doesn't matter when it comes to style.<sup>16</sup>

## A universal pecking order

In many animal species, a social organization develops whereby the most assertive or aggressive animals exert control over the others and have the first pick of food, living space and even mating partners. Chickens, for example, develop a clearly defined dominance-submission hierarchy. Within this hierarchy, each hen has a position in which she is submissive to all of the hens above her and dominates all of the ones below her (hence the origin of the term *pecking order*).<sup>17</sup>

People are no different. They also develop a pecking order where they are ranked in terms of their relative standing in society. This standing determines their access to such resources as education, housing and consumer goods. And people try to improve their ranking by moving up the social order whenever possible. This desire to improve one's lot, and often to let others know that one has done so, is at the core of many marketing strategies.

- While every culture has its **social hierarchies**, variations in terms of how explicit these distinctions can be observed. Stratification of one sort or another is universal,

even in societies that officially disdain such a process. For example, in China, a supposedly classless society, the children of top party officials, who are called *gaoganzidi*, irritate many Chinese. These offspring have a reputation for laziness, enjoying material pleasures and getting the best jobs by virtue of their family connections. They are thus a privileged class in a classless society.<sup>18</sup>



### multicultural dimensions

'It is Saturday night in a club in central London. The crowd is enjoying the standard fare of nightclubs: the R&B music is loud enough to make conversation hard; the bar is doing a brisk trade in pricey drinks; and coming through the door is a steady stream of punters in designer-label plumage. Less standard is that each of these young people handing over the £10 entry fee is Asian. And, from door staff to promoter, so is nearly everyone else. This is Mumbai Rouge, self-styled 'hangout for the affluent Asian professional' and the self-assurance of the phrase is matched by the confidence of the clientele. Nightclubs are only part of it. Anyone mingling with the crowd when India play cricket at the Oval or shopping in areas with a large Asian population, such as Harrow or Slough or Wolverhampton, would find ample evidence of the optimism and material aspirations of young British Asians.

The Institute of Practitioners in Advertising reported last year that Asians in the UK were far more likely to own a personal computer or a DVD player than the population overall, and that 72 per cent had pay-TV at home, compared with 39 per cent of the UK population.

On other measures, too, Asians as a group seem an attractive target for businesses. They are increasing in numbers (2.3 m, according to the 2001 Census); younger than the white population overall; more likely to be found in big cities; and making important economic advances. According to the Cabinet Office, male workers of Indian origin went from earning an average 8 per cent less than their white counterparts in 1994 to earning 3 per cent more by 2000. Asians still find it more difficult to get jobs than whites, but the broad outline is of a group increasingly at home. Indeed, most of the Asian population is British-born and one, two or even three, generations removed from their countries of ancestral origin. While the first generation had to save money and establish themselves, their children and grandchildren have British roots and feel able to play hard.

Yet if the story of Asians in the UK has largely been one of integration, communications professionals have tended to put them in a niche or ignore them. In January 2003, just 2 per cent of advertising campaigns featured actors from ethnic minorities – despite blacks and Asians making up 8 per cent of the population. About five years ago, in an effort to correct this imbalance, marketing consultant Anjna Raheja coined the term 'brown pound'. 'It was intended', she says, 'to draw attention to the growing economic power of Asian – and black – consumers.' It has been widely used and may have helped to increase the proportion of advertisements featuring ethnic minorities to 7 per cent by November last year. But what seems to have filled the vacuum is a cliché. As Ms Raheja notes: 'There has been some trading in stereotypes.' An advertisement for the Halifax Building Society this year featured a Bollywood-style troupe singing about how personal loans were 'sweeter than chutney'. Similarly, Walkers Crisps' campaign for Chicken Tikka Masala crisps showed Gary Lineker, the TV presenter and former soccer player, marrying an Asian granny – and getting the keys to the corner shop.<sup>19</sup>

### Social class affects access to resources

Just as marketers try to carve society into groups for segmentation purposes, sociologists have developed ways to describe meaningful divisions of society in terms of people's relative social and economic resources. Some of these divisions involve political power, while others revolve around purely economic distinctions. Karl Marx felt that position in a society was determined by one's relationship to the *means of production*. Some people

(the haves) control resources, and they use the labour of others to preserve their privileged positions. The have-nots lack control and depend on their own labour for survival, so these people have the most to gain by changing the system. Distinctions among people that entitle some to more than others are perpetuated by those who will benefit by doing so.<sup>20</sup>

The sociologist Max Weber showed that the rankings people develop are not one-dimensional. Some involve prestige or 'social honour' (he called these *status groups*), some rankings focus on power (or *party*), and some revolve around wealth and property (*class*).<sup>21</sup>

### Social class affects taste and lifestyles

The term 'social class' is now used more generally to describe the overall rank of people in a society. People who are grouped within the same social class are approximately equal in terms of their social standing in the community. They work in roughly similar occupations, and they tend to have similar lifestyles by virtue of their income levels and common tastes. These people tend to socialize with one another and share many ideas and values regarding the way life should be lived.<sup>22</sup>



#### marketing pitfall

'Stemar gazes over the expansive new verandah of his summer cottage on a tranquil island off Norway's south-eastern coast, chatting on his cell phone. The 50-year-old Oslo accountant recently added a host of amenities such as hot running water to his *hytte*, as Norwegians call their rustic summer cabins. Now he plans to put in a paved road to his front door and a swimming pool in the garden. 'There's nothing wrong with a little comfort', says Stemar. Well, maybe not in other summer playgrounds such as France's Côte d'Azur, but here in austere Norway, the words 'comfort' and 'vacation' are not synonymous. Thanks to the recent oil boom, many Norwegians are spending their new-found wealth upgrading spartan summer chalets with tennis courts, jacuzzis and even helipads. But in a country where simplicity and frugality are cherished virtues, and egalitarianism is strong, the display of wealth and money is suspect. Some politicians have suggested bulldozing the houses of the wealthy if they block access to the sea, and trade union leaders have blasted a new breed of Norwegians who favour showy yachts and life in the fast lane, and who build fences around private property.

'The rich can be quite vulgar', grumbles Stemar's neighbour Brit, who demanded that he trim a metre or so off his verandah because she and her husband, Gustav, could see it from their cabin lower down the hill. Both teachers, Brit and Gustav are nearing retirement, and have a more traditional Norwegian view of how to spend their summer, and how to spend their money. At stake, many say, are Norwegian ideals of equality and social democracy. These dictate that all Norwegians should have the same quality of life and share the national wealth equally. Norwegians champion austerity because they haven't always been prosperous. Before oil was discovered about 20 years ago, only a few families were considered wealthy. This frugality is obvious even in the capital, Oslo. For all the new oil money, plus low inflation, the city isn't a brash 'Kuwait of the North'.

Summer chalets should reflect the spartan mood, diehards say, and vacation activities must be limited. Scraping down paint is popular, as is hammering down loose floorboards. So is swimming in lakes, fishing for supper and chopping wood. But not much else. As another neighbour, Aase, puts it: 'We like to, uh, sit here. I'd like the rich to stay away from here. They would ruin the neighbourhood.'<sup>23</sup>

Social class is as much a state of being as it is of having: as David saw, class is also a question of what one *does* with one's money and how one defines one's role in society. Although people may not like the idea that some members of society are better off or 'different' from others, most consumers do acknowledge the existence of different classes and the effect of class membership on consumption. As one wealthy woman observed



when asked to define social class: 'I would suppose social class means where you went to school and how far. Your intelligence. Where you live . . . Where you send your children to school. The hobbies you have. Skiing, for example, is higher than the snowmobile . . . It can't be [just] money, because nobody ever knows that about you for sure.'<sup>24</sup>

## Social stratification

In college, some students always seem to be more popular than others. They have access to many resources, such as special privileges, expensive cars, generous allowances or dates with other equally popular classmates. At work, some people are put on the fast track and are promoted to prestige jobs, given higher salaries and perhaps such perks as a parking space, a large office or the keys to the executive cloakroom.

In virtually every context, some people seem to be ranked higher than others. Patterns of social arrangements evolve whereby some members get more resources than others by virtue of their relative standing, power and/or control in the group.<sup>25</sup> The phenomenon of **social stratification** refers to this creation of artificial divisions in a society: 'those processes in a social system by which scarce and valuable resources are distributed unequally to status positions that become more or less permanently ranked in terms of the share of valuable resources each receives'.<sup>26</sup>

### Achieved vs. ascribed status

If you recall groups you've belonged to, both large and small, you'll probably agree that in many instances some members seemed to get more than their fair share while others were not so lucky. Some of these resources may have gone to people who earned them through hard work or diligence. This allocation is due to *achieved status*. Other rewards may have been obtained because the person was lucky enough to be born rich or beautiful. Such good fortune reflects *ascribed status*.

Whether rewards go to the 'best and the brightest' or to someone who happens to be related to the boss, allocations are rarely equal within a social group. Most groups exhibit a structure, or status hierarchy, in which some members are somehow better off than others. They may have more authority or power, or they are simply more liked or respected.

### Class structure around the world

Every society has some type of hierarchical class structure, where people's access to products and services is determined by their resources and social standing. Of course, the specific 'markers' of success depend on what is valued in each culture. For the Chinese, who are just beginning to experience the bounties of capitalism, one marker of success is hiring a bodyguard to protect oneself and one's newly acquired possessions.<sup>27</sup>

Japan is a highly status-conscious society, where upmarket, designer labels are popular and new forms of status are always being sought. To the Japanese, owning a traditional rock garden, formerly a vehicle for leisure and tranquillity, has become a coveted item. Possession of a rock garden implies inherited wealth, since aristocrats traditionally were patrons of the arts. In addition, considerable assets are required to afford the necessary land in a country where property is extraordinarily expensive. The scarcity of land also helps to explain why the Japanese are fanatical golfers: since a golf course takes up so much space, membership of a golf club is extremely valuable.<sup>28</sup>

On the other side of the world from Japan, there is always England: England is also a class-conscious country, and, at least until recently, consumption patterns were pre-ordained in terms of one's inherited position and family background. Members of the upper class were educated at public schools such as Eton and Harrow, and had a distinctive accent. Remnants of this rigid class structure can still be found. 'Hooray Henrys' (wealthy young men) play polo at Windsor and at the moment hereditary peers can still take their seat in the House of Lords.

The dominance of inherited wealth appears to be fading in Britain's traditionally aristocratic society. According to a survey, 86 of the 200 wealthiest people in England made their money the old-fashioned way: they earned it. Even the sanctity of the Royal Family, which epitomizes the aristocracy, has been diluted because of tabloid exposure and the antics of younger family members who have been transformed into celebrities more like rock stars than royalty.<sup>29</sup>

## Social mobility

To what degree do people tend to change their social class? In some traditional societies social class is very difficult to change, but in Europe, any man or woman can become prime minister. **Social mobility** refers to the 'passage of individuals from one social class to another'.<sup>30</sup>

This passage can be upward, downward or even horizontal. *Horizontal mobility* refers to movement from one position to another roughly equivalent in social status, like becoming a nurse instead of a junior school teacher. *Downward mobility* is, of course, not very desirable, but this pattern is unfortunately quite evident in recent years as redundant workers have been forced to join the dole queue or have joined the ranks of the homeless. In the United States, a conservative estimate is that 600,000 Americans are homeless on a given day.<sup>31</sup>

Despite that discouraging trend, demographics decree that there must be *upward mobility* in European society. The middle and upper classes reproduce less than the lower classes (an effect known as *differential fertility*), and they tend to restrict family size below replacement level. Therefore, so the reasoning goes, positions of higher status over time must be filled by those of lower status.<sup>32</sup> Overall, though, the offspring of blue-collar consumers tend also to be blue-collar while the offspring of white-collar consumers tend also to be white-collar.<sup>33</sup> People tend to improve their positions over time, but these increases are not usually dramatic enough to catapult them from one social class to another.

## Components of social class

When we think about a person's social class, there are a number of pieces of information we can consider. Two major ones are occupation and income. A third important factor is educational attainment, which is strongly related to income and occupation.

### Occupational prestige

In a system where (like it or not) a consumer is defined to a great extent by what he or she does for a living, *occupational prestige* is one way to evaluate the 'worth' of people. Hierarchies of occupational prestige tend to be quite stable over time, and they also tend to be similar in different societies. Similarities in occupational prestige have been found in countries as diverse as Brazil, Ghana, Guam, Japan and Turkey.<sup>34</sup>

A typical ranking includes a variety of professional and business occupations at the top (e.g. director of a large corporation, doctor or college lecturer), while those jobs hovering near the bottom include shoeshiner, unskilled labourer and dustman. Because a person's occupation tends to be strongly linked to his or her use of leisure time, allocation of family resources, political orientation and so on, this variable is often considered to be the single best indicator of social class.

### Income

The distribution of wealth is of great interest to social scientists and to marketers, since it determines which groups have the greatest buying power and market potential. Wealth is by no means distributed evenly across the classes. While there is a more equitable distribution of wealth across European countries relative to Latin America, Asia and

America (the top fifth of the population in the United States controls about 75 per cent of all assets),<sup>35</sup> there is still a disproportionate share of wealth controlled by a small segment of the European population. As we have seen, income per se is often not a very good indicator of social class, since the way money is spent is more telling. Still, people need money to allow them to obtain the goods and services that they need to express their tastes, so obviously income is still very important.

### The relationship between income and social class

Although consumers tend to equate money with class, the precise relationship between other aspects of social class and income is not clear and has been the subject of debate among social scientists.<sup>36</sup> The two are by no means synonymous, which is why many people with a lot of money try to use it to improve their social class.

One problem is that even if a family increases household income by adding wage earners, each additional job is likely to be of lower status. For example, a housewife who gets a part-time job is not as likely to get one that is of equal or greater status than the primary wage earner's. In addition, the extra money earned may not be pooled for the common good of the family. Instead it may be used by the individual for his or her own personal spending. More money does not then result in increased status or changes in consumption patterns, since it tends to be devoted to buying more of the same rather than upgrading to higher-status products.<sup>37</sup>

The following general conclusions can be made regarding the relative value of social class (i.e. place of residence, occupation, cultural interests, etc.) vs. income in predicting consumer behaviour:

- Social class appears to be a better predictor of purchases that have symbolic aspects, but low-to-moderate prices (e.g. cosmetics, alcohol).
- Income is a better predictor of major expenditures that do not have status or symbolic aspects (e.g. major appliances).
- Social class and income data together are better predictors of purchases of expensive, symbolic products (e.g. cars, homes, luxury goods).<sup>38</sup>

### Measurement of social class

Because social class is a complex concept which depends on a number of factors, not surprisingly it has proved difficult to measure. Early measures included the Index of Status Characteristics developed in the 1940s and the Index of Social Position developed by Hollingshead in the 1950s.<sup>39</sup> These indices used various combinations of individual characteristics (such as income, type of housing) to arrive at a label of class standing. The accuracy of these composites is still a subject of debate among researchers; one recent study claimed that for segmentation purposes, raw education and income measures work as well as composite status measures.<sup>40</sup>

Blue-collar workers with relatively high-income jobs still tend to view themselves as working class, even though their income levels may be equivalent to those of many white-collar workers.<sup>41</sup> This fact reinforces the idea that the labels 'working class' or 'middle class' are very subjective. Their meanings say at least as much about self-identity as they do about economic well-being.

### Problems with measures of social class

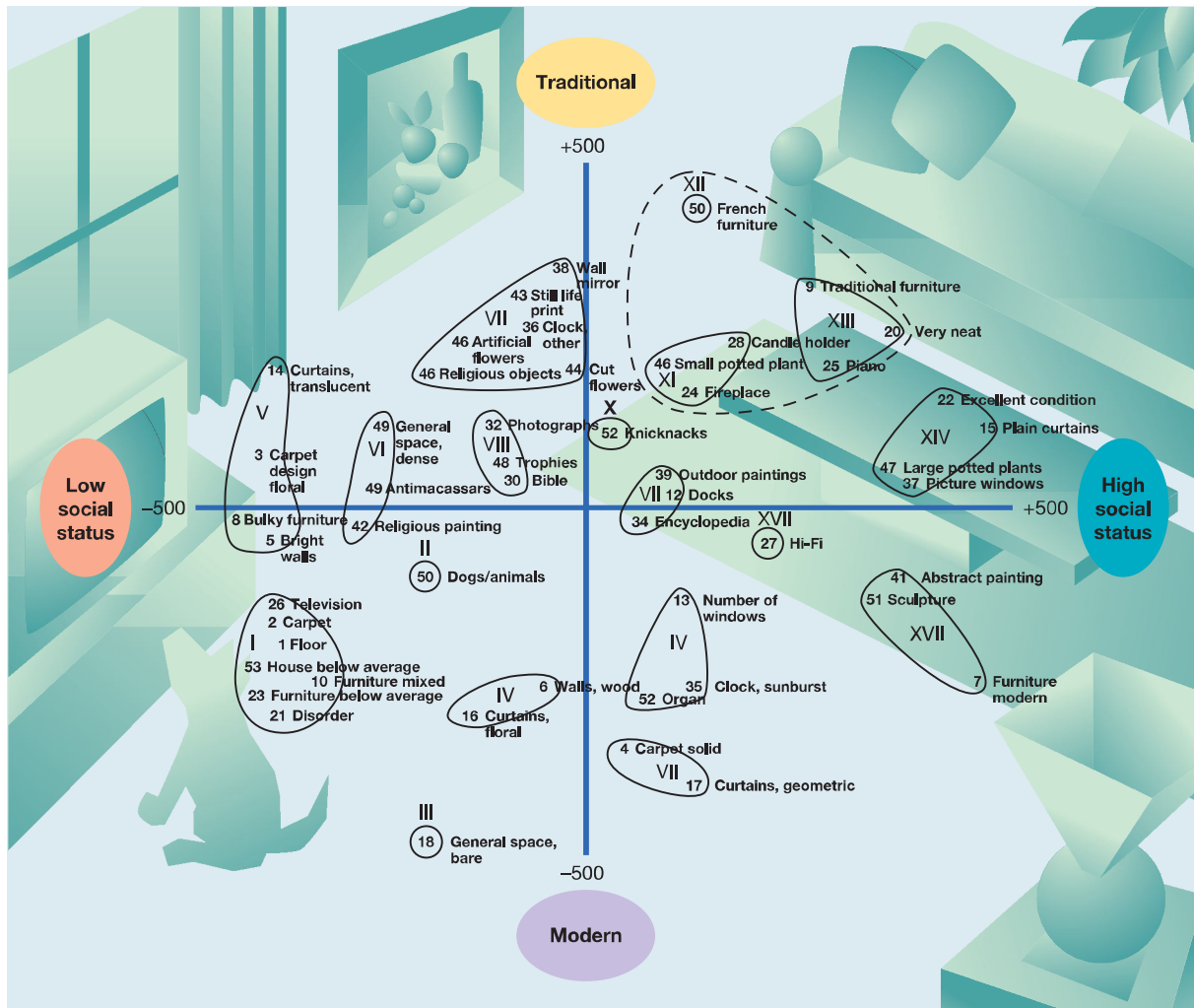
Market researchers were among the first to propose that people from different social classes can be distinguished from each other in important ways. While some of these dimensions still exist, others have changed.<sup>42</sup> Unfortunately, many of these measures are badly dated and are not as valid today for a variety of reasons, four of which are discussed here.<sup>43</sup>

Most measures of social class were designed to accommodate the traditional nuclear family, with a male wage earner in the middle of his career and a female full-time homemaker. Such measures have trouble accounting for two-income families, young singles living alone, or households headed by women which are so prevalent in today's society (see Chapter 11).

Another problem with measuring social class is attributable to the increasing anonymity of our society. Earlier studies relied on the *reputational method*, where extensive interviewing was done within a community to determine the reputations and backgrounds of individuals. This information, coupled with the tracing of interaction patterns among people, provided a very comprehensive view of social standing within a community.

This approach is virtually impossible to implement in most communities today. One compromise is to interview individuals to obtain demographic data and to combine these data with the subjective impressions of the interviewer regarding the person's possessions and standard of living. An example of this approach appears in Figure 12.4. Note that the accuracy of this questionnaire relies largely on the interviewer's judgement,

**Figure 12.4** Living room clusters and social class



Source: Edward O. Laumann and James S. House, 'Living room styles and social attributes: The patterning of material artifacts in a modern urban community', *Sociology and Social Research* 54 (April 1970): 321-42.

especially regarding the quality of the respondent's neighbourhood. These impressions are in danger of being biased by the interviewer's own circumstances, which may affect his or her standard of comparison. This potential problem highlights the need for adequate training of interviewers, as well as for some attempt to cross-validate such data, possibly by employing multiple judges to rate the same area.

One problem with assigning people to a social class is that they may not be equal in their standing on all of the relevant dimensions. A person might come from a low-status ethnic group but have a high-status job, while another may live in a fashionable part of town but did not complete secondary school. The concept of **status crystallization** was developed to assess the impact of inconsistency on the self and social behaviour.<sup>44</sup> It was thought that since the rewards from each part of such an 'unbalanced' person's life would be variable and unpredictable, stress would result. People who exhibit such inconsistencies tend to be more receptive to social change than are those whose identities are more firmly rooted.

A related problem occurs when a person's social class standing creates expectations that are not met. Some people find themselves in the not unhappy position of making more money than is expected of those in their social class. This situation is known as an *overprivileged condition* and is usually defined as an income that is at least 25–30 per cent over the median for one's class.<sup>45</sup> In contrast, *underprivileged* consumers, who earn at least 15 per cent less than the median, must often devote their consumption priorities to sacrificing in order to maintain the appearance of living up to class expectations.

Lottery winners are examples of consumers who become overprivileged overnight. As attractive as winning is to many people, it has its problems. Consumers with a certain standard of living and level of expectations may have trouble adapting to sudden affluence and engage in flamboyant and irresponsible displays of wealth. Ironically, it is not unusual for lottery winners to report feelings of depression in the months after the win. They may have trouble adjusting to an unfamiliar world, and they frequently experience pressure from friends, relatives and business people to 'share the wealth'.

One New York winner who was featured prominently in the media is a case in point. He was employed as a mail porter until he won \$5 million. After winning the lottery, he divorced his wife and married his girlfriend. She wore a \$12,000 gown to the ceremony and the couple arrived in a horse-drawn carriage. Other purchases included a Cadillac with a Rolls-Royce grill and a \$5,000 car phone. He later denied rumours that he was heavily in debt due to his extravagant spending.<sup>46</sup>

The traditional assumption is that husbands define a family's social class, while wives must live it. Women borrow their social status from their husbands.<sup>47</sup> Indeed, the evidence indicates that physically attractive women tend to 'marry up' to a greater extent than attractive men. Women trade the resource of sexual appeal, which historically has been one of the few assets they were allowed to possess, for the economic resources of men.<sup>48</sup> The accuracy of this assumption in today's world must be questioned. Many women now contribute equally to the family's well-being and work in positions of comparable or even greater status than their spouses. *Cosmopolitan* magazine offered this revelation: 'Women who've become liberated enough to marry any man they please, regardless of his social position, report how much more fun and spontaneous their relationships with men have become now that they no longer view men only in terms of their power symbols.'<sup>49</sup>

Employed women tend to average both their own and their husband's respective positions when estimating their own subjective status.<sup>50</sup> Nevertheless, a prospective spouse's social class is often an important 'product attribute' when evaluating alternatives in the interpersonal marketplace (as David and Julia were to find out). *Cosmopolitan* also discussed this dilemma, implying that social class differences are still an issue in the mating game: 'You've met the (almost) perfect man. You both adore Dashiell Hammett thrillers, Mozart, and tennis. He taught you to jet ski; you taught him the virtues of tofu



... The problem? You're an executive earning ninety-thousand dollars a year. He's a taxi driver ...<sup>51</sup>

### Problems with social class segmentation: a summary

Social class remains an important way to categorize consumers. Many marketing strategies do target different social classes. However, marketers have failed to use social class information as effectively as they could for the following reasons:

- They have ignored status inconsistency.
- They have ignored intergenerational mobility.
- They have ignored subjective social class (i.e. the class a consumer identifies with rather than the one he or she objectively belongs to).
- They have ignored consumers' aspirations to change their class standing.
- They have ignored the social status of working wives.

## ■ HOW SOCIAL CLASS AFFECTS PURCHASE DECISIONS

Different products and stores are perceived by consumers to be appropriate for certain social classes.<sup>52</sup> Working-class consumers tend to evaluate products in more utilitarian terms such as sturdiness or comfort rather than style or fashionability. They are less likely to experiment with new products or styles, such as modern furniture or coloured appliances.<sup>53</sup> In contrast, more affluent people tend to be concerned about appearance and body image, so they are more avid consumers of diet foods and drinks compared to people in small, working-class towns. These differences mean that the cola market, for example, can be segmented by social class.<sup>54</sup>

### Class differences in worldview

A major social class difference involves the *worldview* of consumers. The world of the working class (including the lower-middle class) is more intimate and constricted. For example, working-class men are likely to name local sports figures as heroes and are less likely to take long holidays in out-of-the way places.<sup>55</sup> Immediate needs, such as a new refrigerator or TV, tend to dictate buying behaviour for these consumers, while the higher classes tend to focus on more long-term goals, such as saving for college fees or retirement.<sup>56</sup>

Working-class consumers depend heavily on relatives for emotional support and tend to orient themselves in terms of the community rather than the world at large. They are more likely to be conservative and family oriented. Maintaining the appearance of one's home and property is a priority, regardless of the size of the house.

While they would like to have more in the way of material goods, working-class people do not necessarily envy those who rank above them in social standing.<sup>57</sup> The maintenance of a high-status lifestyle is sometimes not seen as worth the effort. As one blue-collar consumer commented: 'Life is very hectic for those people. There are more breakdowns and alcoholism. It must be very hard to sustain the status, the clothes, the parties that are expected. I don't think I'd want to take their place.'<sup>58</sup>

The blue-collar consumer quoted here may be right. While good things appear to go hand in hand with higher status and wealth, the picture is not that clear. The social scientist Emile Durkheim observed that suicide rates are much higher among the wealthy. He wrote in 1897, 'the possessors of most comfort suffer most'.<sup>59</sup> The quest for riches has the potential to result in depression, deviant behaviour and ruin. In fact, a survey of affluent American consumers (they made an average of \$176,000 a year) supports this

notion. Although these people are in the top 2.5 per cent income bracket in America, only 14 per cent said they are very well off.<sup>60</sup>

- ▶ The concept of a **taste culture**, which differentiates people in terms of their aesthetic and intellectual preferences, is helpful in understanding the important yet subtle distinctions in consumption choices among the social classes. Taste cultures largely reflect education (and are also income-related).<sup>61</sup> A distinction is often made between low-culture and high-culture groups (this is discussed in more detail in Chapter 16).

While such perspectives have met with criticism due to the implicit value judgements involved, they are valuable because they recognize the existence of groupings based on shared tastes in literature, art, home decoration and so on. In one of the classic studies of social differences in taste, researchers catalogued homeowners' possessions while asking more typical questions about income and occupation. Clusters of furnishings and decorative items which seemed to appear together with some regularity were identified, and different clusters were found depending on the consumer's social status. For example, religious objects, artificial flowers and still-life portraits tended to be found together in relatively lower-status living rooms, while a cluster containing abstract paintings, sculptures and modern furniture was more likely to appear in a higher-status home (see Figure 12.4).<sup>62</sup>

Another approach to social class focuses on differences in the types of *codes* (the ways meanings are expressed and interpreted by consumers) used within different social strata. Discovery of these codes is valuable to marketers, since this knowledge allows them to communicate to markets using concepts and terms most likely to be understood and appreciated by specific consumers.

- ▶ The nature of these codes varies among social classes. **Restricted codes** are dominant among the working class, while elaborated codes tend to be used by the middle and upper classes. Restricted codes focus on the content of objects, not on relationships among objects.
- ▶ **Elaborated codes**, in contrast, are more complex and depend upon a more sophisticated worldview. Some differences between these two general types of codes are provided in Table 12.1. As this table indicates, these code differences extend to the way consumers approach such basic concepts as time, social relationships and objects.

Marketing appeals that are constructed with these differences in mind will result in quite different messages. For example, a life insurance ad targeted at a lower-class person might depict in simple, straightforward terms a hard-working family man who feels good immediately after purchasing a policy. An upmarket appeal might depict a more affluent older couple surrounded by photos of their children and grandchildren and contain extensive copy emphasizing the satisfaction that comes from planning for the future and highlighting the benefits of a whole-life insurance policy.

### Targeting the poor

While poor people obviously have less to spend than rich ones, they have the same basic needs as everyone else. Low-income families purchase such staples as milk, bread and tea at the same rates as average-income families. And minimum-wage level households spend a greater than average share on out-of-pocket health care costs, rent and food consumed at home. In 2001, certain household types in the EU-15 countries were more likely to be at risk of poverty: single parents with dependent children (these single parents are overwhelmingly female parents), young people living alone, old people living alone, and two-adult households with three or more dependent children.<sup>63</sup>

The unemployed do feel alienated in a consumer society, since they are unable to obtain many of the items that our culture tells us we 'need' to be successful. However, idealized advertising portrayals don't seem to appeal to low-end consumers who have been interviewed by researchers. Apparently, one way to preserve self-esteem is by placing oneself outside the culture of consumption and emphasizing the value of a simple

**Table 12.1** Effects of restricted versus elaborated codes

	Restricted codes	Elaborated codes
<b>General characteristics</b>	Emphasize description and contents of objects  Have implicit meanings (context dependent)	Emphasize analysis and interrelationships between objects, i.e. hierarchical organization and instrumental connections Have explicit meanings
<b>Language</b>	Use few qualifiers, i.e. few adjectives or adverbs Use concrete, descriptive, tangible symbolism	Have language rich in personal, individual qualifiers Use large vocabulary, complex conceptual hierarchy
<b>Social relationships</b>	Stress attributes of individuals over formal roles	Stress formal role structure, instrumental relationships
<b>Time</b>	Focus on present; have only general notion of future	Focus on instrumental relationship between present activities and future rewards
<b>Physical space</b>	Locate rooms, spaces in context of other rooms and places: e.g. 'front room', 'corner shop'	Identify rooms, spaces in terms of usage; formal ordering of spaces: e.g. 'dining room', 'financial district'
<b>Implications for marketers</b>	Stress inherent product quality, contents (or trustworthiness, goodness of 'real-type'), spokesperson Stress implicit fit of product with total lifestyle Use simple adjectives, descriptors	Stress differences, advantages vis-à-vis other products in terms of some autonomous evaluation criteria Stress product's instrumental ties to distant benefits Use complex adjectives, descriptors

Source: Adapted from Jeffrey F. Dudgee, 'How Consumer Sub-Cultures Code Reality: A Look at Some Code Types', in Richard J. Lutz, ed., *Advances in Consumer Research* 13 (Provo, UT: Association for Consumer Research, 1986): 332.

way of life with less emphasis on materialism. In some cases, they enjoy the advertising as entertainment without actually yearning for the products; a comment by one 32-year-old British woman is typical: 'They're not aimed at me, definitely not. It's fine to look at them, but they're not aimed at me so in the main I just pass over them.'<sup>64</sup>

Some marketers are developing products and services for low-income consumers. These strategies may be obvious in some cases (or even bordering on the insulting), as when S.C. Johnson & Son, manufacturers of Raid insect spray, regularly hosts 'cockroach evictions' at inner-city housing developments. Other strategies raise important ethical issues, especially when marketers of so-called 'sin products' such as alcohol and tobacco single out what many feel is a vulnerable audience. For example, manufacturers of malt liquors and fortified wines concentrate their efforts in poor areas where they know their products sell best.

### Targeting the rich

We live in an age where elite department stores sell Donna Karan and Calvin Klein Barbies, and Mattel's Pink Splendor Barbie comes complete with crystal jewellery and a bouffant gown sewn with 24-carat threads.<sup>65</sup> To dress that 'living doll', Victoria's Secret offers its Million Dollar Miracle Bra, with over 100 carats of real diamonds.<sup>66</sup> *Somebody* must be buying this stuff . . .

Many marketers try to target affluent markets. This practice often makes sense, since these consumers obviously have the resources to expend on costly products (often with

higher profit margins). *The Robb Report*, a magazine targeted at the affluent (average reader income is \$755,000), in 1996 estimated that 4.8 million American households had a net worth of at least \$1 million, up 118 per cent from 1992. The magazine segments the wealthy into three markets: the marginally rich (household income \$70,000–\$99,999), the comfortably rich (income of \$100,000–\$249,000), and the super rich (\$250,000+).<sup>67</sup>

However, it is a mistake to assume that everyone with a high income should be placed in the same market segment. As noted earlier, social class involves more than absolute income: it is also a way of life, and affluent consumers' interests and spending priorities are significantly affected by such factors as where they got their money, how they got it, and how long they have had it.<sup>68</sup> For example, the marginally rich tend to prefer sporting events to cultural activities, and are only half as likely as the super rich to frequent art galleries or the opera.<sup>69</sup>

The rich *are* different. But they are different from one another as well. Income alone is not a good predictor of consumer behaviour, which reminds us that the wealthy can be further segmented in terms of attitudes, values and preferences. For example, according to industry experts drivers in the luxury car market can be segmented as follows:

- Cadillac owners want to be chauffeured. They are not very attentive to styling details or the car's colour. Their primary interests are in comfort and the impression they make on others.
- Porsche owners prefer to drive themselves. They are more interested in performance than luxury. The colour red is a favourite.
- Jaguar owners are more austere. They are interested in elegance and prefer darker colours.
- Mercedes owners like to feel they are in control. They tend to prefer muted shades of tan, grey and silver.



### multicultural dimensions

In a land where one-child families are the rule, Chinese parents spare few expenses when bringing up baby. They want to show off their pampered child and are eager to surround their 'little emperors' with status goods. To meet this need, foreign companies are rushing in, hawking the staples of Western baby care from disposable nappies to Disney cot sheets. These items are expensive luxuries in China, and plenty of families are splurging. Chinese families spend one-third to one-half of their disposable income on their children, according to industry estimates. The Disney Babies line of T-shirts, rattles and cot linens – all emblazoned with likenesses of baby Mickey Mouse and other familiar characters – are available in department stores in a dozen or so Chinese cities. These products are true extravaganzas: a Disney cotton T-shirt, for example, sells for the local equivalent of about \$7.25–\$8.45, compared to \$1.20 for a Chinese-made shirt. But as a Disney spokesman observed, 'New parents are willing to pay the extra. Mickey is portrayed as fun and intelligent in China – characteristics parents want for their children.'<sup>70</sup>

### Old money

When people have enough money for all intents and purposes to buy just about anything they want, ironically social distinctions no longer revolve around the amount of money they have. Instead, it appears to be important to consider *where* the money came from and *how* it is spent. The 'top out-of-sight class' (such as Julia's parents) live primarily on inherited money. People who have made vast amounts of money from their own labour do not tend to be included in this select group, though their flamboyant consumption patterns may represent an attempt to prove their wealth.<sup>71</sup> The mere presence of wealth is thus not sufficient to achieve social prominence. It must be accompanied by a family history of public service and philanthropy, which is often manifested in tangible markers

that enable these donors to achieve a kind of immortality (e.g. Rockefeller University or the Whitney Museum).<sup>72</sup> 'Old money' consumers tend to make distinctions among themselves in terms of ancestry and lineage rather than wealth.<sup>73</sup> Old money people (like the Caldwells) are secure in their status. In a sense, they have been trained their whole lives to be rich.

### The nouveaux riches

Other wealthy people do not know how to be rich. The Horatio Alger myth, where a person goes from 'rags to riches' through hard work and a bit of luck, is still a powerful force in Western society and, more recently, in Asian societies as well. Although many people do in fact become 'self-made millionaires', they often encounter a problem (although not the worst problem one could think of!) after they have become wealthy and have changed their social status: consumers who have achieved extreme wealth and have relatively recently become members of upper social classes are known as the *nouveaux riches*, a term that is sometimes used in a derogatory manner to describe newcomers to the world of wealth.

The *nouveau riche* phenomenon is also widespread in Russia and other eastern European countries, where the transition to capitalism has paved the way for a new class of wealthy consumers who are spending lavishly on luxury items. One study of wealthy Russians identified a group of 'super-spenders', who earn about \$1,000 a month and spend as much on discretionary items as they do on rent. They would like to spend more money, but are frustrated by the lack of quality products and services available to them.<sup>74</sup>



### marketing opportunity

In a sixteenth-century fortress in Florence, the semi-annual Florence children's fashion show is on, and retail buyers from around the world are moving from one designer's booth to another, putting together their Spring lines. However, down in the basement, in an isolated booth, only buyers who have RSVP'd are allowed inside, and then only after entering a security code into a computer. Once in, they are served drinks in gold-rimmed goblets, and seated in gold chairs as they view video screens showing children playing and lounging in clothes that are elegant, understated, exquisitely detailed – and priced at hundreds of euros apiece. There are no actual clothes on display in the booth, nor order forms, nor any price lists. Such commercial touches are deemed *déclassé* by the creators of I Pinco Pallino.

'Definitely to my heart, our clothes are art,' says Stefano Cavalleri, the firm's 49-year-old founder. 'Extending our image is the key point, not selling more clothes.' But Pinco is indeed selling clothes. In a market where people have more money than ever and are always looking for new ways to spend it, Pinco is suddenly hot. These aren't children's clothes for everyone, not even among the rich. The target market: mothers who, in the words of the buyers thronging the Pinco booth, regard their children as 'fashion accessories'. The fashion house turns out some of the most expensive children's clothes available anywhere. A pale green organza dress embellished with hand-embroidered silk goes for 700 euros. Dressing a child in a complete Pinco ensemble – featuring jacket, handbag, shoes and hat in signature silks and laces with detailed embroidery and sequins – will run into well over 1,100 euros. Already selling his creations at only the most fashionable of department stores and boutiques in Europe and America, Mr Cavalleri is working on a plan to open a Pinco boutique on Manhattan's Upper East Side, where he vows to introduce New Yorkers to his 'fairy-tale world'.<sup>75</sup>

Alas, many *nouveaux riches* are plagued by *status anxiety*. They monitor the cultural environment to ensure that they are doing the 'right' thing, wearing the 'right clothes', being seen in the 'right places', using the 'right' caterer, and so on.<sup>76</sup> Flamboyant consumption can thus be viewed as a form of symbolic self-completion, where the excessive



display of symbols thought to denote 'class' is used to make up for an internal lack of assurance about the 'correct' way to behave.<sup>77</sup>

### The 'Get Set'

While the possession of wealth is clearly an important dimension of affluence, this quality may be as much determined by attitudes towards consumption as it is by level of income. Some marketers have identified a consumer segment composed of well-off, but not rich, people who desire the best products and services, even though they may have to be more selective about those items they are able to buy. These consumers are realistic about what they can afford and prefer to sacrifice in some areas so that they can have the best in others. Various advertising and marketing research agencies have given this segment such labels as the *Influentials*, the *New Grown-Ups* and the *Get Set*.

While many upper-class brands tried in the past to downmarket themselves to attract the mass market, there are some indications that this strategy is reversing. Because of the Get Set's emphasis on quality, one scenario is that marketers will encourage the masses to 'buy up' into products associated with the upper classes, even if they are forced to buy less. A print campaign for Waterford Crystal exemplifies this approach. The theme line, 'Steadfast in a world of wavering standards', is calculated to appeal to consumers who desire authenticity and lasting value.<sup>78</sup>

## ■ STATUS SYMBOLS

People have a deep-seated tendency to evaluate themselves, their professional accomplishments, their material well-being and so on, in relation to others. The popular phrase 'keeping up with the Joneses' (in Japan it's 'keeping up with the Satos') refers to the comparison between one's standard of living and that of one's neighbours.

Satisfaction is a relative concept, however. We hold ourselves to a standard defined by others that is constantly changing. Unfortunately, a major motivation for the purchase and display of products is not to enjoy them, but rather to let others know that we can afford them. In other words, these products function as status symbols. The desire to accumulate these 'badges of achievement' is summarized by the slogan 'He who dies with the most toys, wins'. Status-seeking is a significant source of motivation to procure appropriate products and services that the user hopes will let others know that he or she has 'made it'.

### Conspicuous consumption

- The motivation to consume for the sake of consuming was first discussed by the social analyst Thorstein Veblen at the turn of the last century. Veblen felt that a major role of products was for **invidious distinction** – they are used to inspire envy in others through display of wealth or power. Veblen coined the term **conspicuous consumption** to refer to people's desire to provide prominent visible evidence of their ability to afford luxury goods. Veblen's work was motivated by the excesses of his time. He wrote in the era of the robber barons, where the likes of J.P. Morgan, Henry Clay Frick, William Vanderbilt and others were building massive financial empires and flaunting their wealth by throwing lavish parties. Some of these events of excess became legendary, as described in this account:

there were tales, repeated in the newspapers, of dinners on horseback; of banquets for pet dogs; of hundred-dollar bills folded into guests' dinner napkins; of a hostess who attracted attention by seating a chimpanzee at her table; of centerpieces in which lightly clad living maidens swam in glass tanks, or emerged from huge pies; of parties at which cigars were ceremoniously lighted with flaming banknotes of large denominations.<sup>79</sup>

### The trophy wife

This flaunting of one's possessions even extended to wives: Veblen criticized the 'decorative' role women were often forced to play as they were bestowed with expensive clothes, pretentious homes and a life of leisure as a way to advertise the wealth of their husbands – a sort of 'walking advertisement'. Such fashions as high-heeled shoes, tight corsets, billowing trains on dresses and elaborate hairstyles all conspired to ensure that wealthy women could barely move without assistance, much less perform manual labour. Similarly, the Chinese practice of foot-binding turned women into cripples who had to be carried from place to place.

### The modern potlatch

▶ Veblen was inspired by anthropological studies of the Kwakiutl Indians, who lived in the American Pacific Northwest. These Indians had a ceremony called a **potlatch**, a feast where the host showed off his wealth and gave extravagant presents to the guests. The more one gave away, the better one looked to the others. Sometimes, the host would use an even more radical strategy to flaunt his wealth. He would publicly destroy some of his property to demonstrate how much he had.

This ritual was also used as a social weapon: since guests were expected to reciprocate, a poorer rival could be humiliated by being invited to a lavish potlatch. The need to give away as much as the host, even though he could not afford it, would essentially force the hapless guest into bankruptcy. If this practice sounds 'primitive', think for a moment about many modern weddings. Parents commonly invest huge sums of money to throw a lavish party and compete with others for the distinction of giving their daughter the 'best' or most extravagant wedding, even if they have to save for 20 years to do so.

### The leisure class

This process of conspicuous consumption was, for Veblen, most evident among what he termed the *leisure class*, people for whom productive work is taboo. In Marxist terms, this reflects a desire to link oneself to ownership or control of the means of production, rather than to the production itself. Any evidence that one actually has to work for a living is to be shunned, as suggested by the term the 'idle rich'.

Like the potlatch ritual, the desire to convince others that one has a surplus of resources creates the need for evidence of this abundance. Accordingly, priority is given to consumption activities that use up as many resources as possible in non-constructive pursuits. This *conspicuous waste* in turn shows others that one has the assets to spare. Veblen noted that 'we are told of certain Polynesian chiefs, who, under the stress of good form, preferred to starve rather than carry their food to their mouths with their own hands'.<sup>80</sup>



**marketing  
opportunity**

### Consolidating for luxury

The luxury goods sector in Europe is in the midst of an important consolidation, as smaller groups find it increasingly difficult to compete with bigger rivals in terms of advertising spending, retail networks and production capacity. As a result, groups such as French luxury goods giant LVMH, Moët Hennessy and Gucci have been buying up smaller names over the past years. Perhaps the biggest 'fashion family' is LVMH, with its stable of fashion brands including Louis Vuitton, Christian Dior, Givenchy, Christian Lacroix, Celine, Loewe, Kenzo, Fendi and Emilio Pucci.

In an effort to take full control of production in order to maintain high standards of quality and to meet rigorous delivery schedules demanded by global retail customers, Giorgio Armani SpA recently established a joint venture with Italian menswear group Ermenegildo Zegna SpA to produce one of its menswear lines. As the wealthy become more attracted to yachting, the yachtmaker Swan has been bought by fashion house Leonardo Ferragamo to close the gap between high fashion and the high seas.<sup>81</sup>



The tanning salon industry may be said to owe its success to consumers' desire to pay for the illusion that they have idle time to soak up the sun.

The Advertising Archives

### The death - and rebirth - of status symbols

While ostentatious products fell out of favour in the early part of the 1990s, later in the decade there was a resurgence of interest in luxury goods. European companies such as Hermes International, LVMH Hennessey Louis Vuitton and Baccarat enjoyed sales gains of between 13 and 16 per cent, as affluent consumers once again indulged their desires for the finer things in life. One market researcher termed this trend 'the pleasure revenge' – people were tired of buying moderately, eating low-fat foods and so on, and as a result sales boomed for self-indulgent products from fur coats to premium ice creams and caviar. As the Chairman of LVMH put it, 'The appetite for luxury is as strong as ever. The only difference is that in the 1980s, people would put a luxury trademark on anything. Today only the best sells.'<sup>82</sup>

### Parody display

As the competition to accumulate status symbols escalates, sometimes the best tactic is to switch gears and go into reverse. One way to do this is to deliberately *avoid* status symbols – that is, to seek status by mocking it. This sophisticated form of conspicuous consumption has been termed **parody display**.<sup>83</sup> A good example of parody display is the home-furnishing style known as High Tech, which was in vogue in America a few years ago. This motif incorporated the use of industrial equipment (e.g. floors were covered with plates used on the decks of destroyers), and pipes and support beams were deliberately exposed.<sup>84</sup> This decorating strategy was intended to show that one is so witty and 'in the know' that status symbols aren't necessary. Hence, the popularity of old, torn blue jeans and 'utility' vehicles such as jeeps among the upper classes. 'True' status is thus shown by the adoption of product symbolism that is deliberately not fashionable.

## CHAPTER SUMMARY

- The field of behavioural economics considers how consumers decide what to do with their money. In particular, *discretionary expenditures* are made only when people are able and willing to spend money on items above and beyond their basic needs. *Consumer confidence* – the state of mind consumers have about their own personal situation, as well as their feelings about their overall economic prospects – helps to determine whether they will purchase goods and services, take on debt or save their money.
- In the past ten years, consumers overall have been relatively pessimistic about their future prospects. A lower level of resources has caused a shift towards an emphasis on quality products that are reasonably priced. Consumers are less tolerant of exaggerated or vague product claims, and they are more sceptical about marketing activities. Consumers in their twenties are particularly sceptical about the economy and marketing targeted at their age group.
- A consumer's *social class* refers to his or her standing in society. It is determined by a number of factors, including education, occupation and income.
- Virtually all groups make distinctions among members in terms of relative superiority, power and access to valued resources. This *social stratification* creates a status hierarchy, where some goods are preferred over others and are used to categorize their owners' social class.
- While income is an important indicator of social class, the relationship is far from perfect since social class is also determined by such factors as place of residence, cultural interests and worldview.
- Purchase decisions are sometimes influenced by the desire to 'buy up' to a higher social class or to engage in the process of *conspicuous consumption*, where one's status is flaunted by the deliberate and non-constructive use of valuable resources. This spending pattern is a characteristic of the *nouveaux riches*, whose relatively recent acquisition of income, rather than ancestry or breeding, is responsible for their increased *social mobility*.
- Products are used as status symbols to communicate real or desired social class. *Parody display* occurs when consumers seek status by deliberately avoiding fashionable products.

### ► KEY TERMS

**Behavioural economics** (p. 428)  
**Conspicuous consumption** (p. 447)  
**Consumer confidence** (p. 430)  
**Discretionary income** (p. 430)  
**Elaborated codes** (p. 443)  
**Invidious distinction** (p. 447)  
**Parody display** (p. 449)  
**Potlatch** (p. 448)  
**Restricted codes** (p. 443)

**Savings rate** (p. 432)  
**Social class** (p. 433)  
**Social hierarchies** (p. 434)  
**Social mobility** (p. 438)  
**Social stratification** (p. 437)  
**Status crystallization** (p. 441)  
**Status symbols** (p. 428)  
**Taste culture** (p. 443)



## CONSUMER BEHAVIOUR CHALLENGE

- 1 The concepts *income* and *wealth* are measured in different ways throughout Europe, in spite of the standardization of currency that took place in 1999. Look through several recent issues of *Review of Income and Wealth* to get an idea of how these concepts differ across countries. For marketers, do you have any suggestions as to how to segment income groups for a European-wide strategy?
- 2 What are some of the obstacles to measuring social class in European society? Discuss some ways to get around these obstacles.
- 3 What consumption differences might you expect to observe between a family characterized as underprivileged vs. one whose income is average for its social class?
- 4 When is social class likely to be a better predictor of consumer behaviour than mere knowledge of a person's income?
- 5 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?
- 6 Thorstein Veblen argued that women were often used as a vehicle to display their husbands' wealth. Is this argument still valid today?
- 7 Given present environmental conditions and dwindling resources, what is the future of 'conspicuous waste'? Can the desire to impress others with affluence ever be eliminated? If not, can it take on a less dangerous form?
- 8 Some people argue that status symbols are dead. Do you agree?
- 9 Compile a list of occupations, and ask a sample of students who are studying a variety of subjects (both business and non-business) to rank the prestige of these jobs. Can you detect any differences in these rankings as a function of students' subjects?
- 10 Compile ads that depict consumers of different social classes. What generalizations can you make about the reality of these ads and about the media in which they appear?
- 11 Identify a current set of fraudulent status symbols, and construct profiles of consumers who are wearing or using these products. Are these profiles consistent with the images portrayed in each product's promotional messages?
- 12 The chapter observes that some marketers are finding 'greener pastures' by targeting low-income people. How ethical is it to single out consumers who cannot afford to waste their precious resources on discretionary items? Under what circumstances should this segmentation strategy be encouraged or discouraged?



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## AGE SUBCULTURES



It's just a few months before winter weather really sets in, and Joost is lying on his bed 'channel surfing' on the TV and daydreaming about trying out his new ice-hockey skates on the frozen lakes near the flat where he and his father live in the suburbs of Amsterdam. His father tried to convince him to buy the classic 'hoge Noren' - black high-top touring skates with a long blade that have been 'classics' in Holland for decades, but Joost insisted on ice-hockey skates. His response was: 'Your skates are for middle-aged, old-fashioned skaters who are too serious about the whole thing. I want skates I can mess about in. Besides, these skates go

well with my new Fila winter jacket.'

While Joost is switching from one channel to another, an advertisement for a skiing holiday comes on the screen and catches his limited attention. Images of 'extreme skiing' are mixed with scenes of young people sitting around a well-stocked breakfast table. Text appears at the bottom of the screen, instructing the viewer to go to the teletext page for more information. The entire advertisement lasts 15 seconds. Joost uses the remote control to switch to the teletext page, and scans the ski package offerings. Great! Ten days in Austria for just 415 euros. It includes round-trip bus transportation, twin rooms, half-board and nine days of ski passes. Before moving on to the next channel, he notes down the travel agent's website address. With the TV still on, he logs on to his computer and checks the website. He can book the trip on the Web. First, he needs to ask a few friends to see if they want to go during the Christmas break. Then he just needs his Dad's permission . . . and his credit card number.

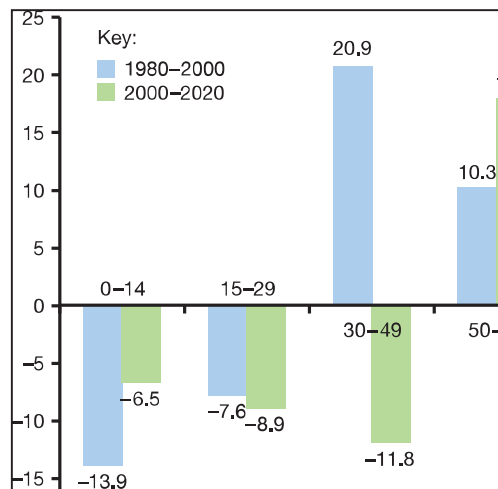
## ■ AGE AND CONSUMER IDENTITY

The era in which a consumer grows up creates for that person a cultural bond with the millions of others born during the same time period. As we grow older, our needs and preferences change, often in unison with others who are close to our own age. For this reason, a consumer's age exerts a significant influence on his or her identity. All things being equal, we are more likely than not to have things in common with others of our own age. In this chapter, we'll explore some of the important characteristics of some key age groups, and consider how marketing strategies must be modified to appeal to diverse age subcultures.

### Age cohorts: 'my generation'

- An **age cohort** consists of people of similar ages who have undergone similar experiences. They share many common memories about cultural heroes (e.g. Clint Eastwood vs. Brad Pitt, or Frank Sinatra vs. Kurt Cobain), important historical events (e.g. the 1968 student demonstrations in Paris vs. the fall of the Berlin Wall in 1989), and so on. Although there is no universally accepted way to divide people into age cohorts, each of us seems to have a pretty good idea of what we mean when we refer to 'my generation'.

Marketers often target products and services to one or more specific age cohorts. They recognize that the same offering will probably not appeal to people of different ages, nor will the language and images they use to reach them. In some cases separate campaigns are developed to attract consumers of different ages. For example, travel agencies throughout Europe target youth markets during the months of May and June for low-cost summer holidays to Mallorca, and then target middle-aged, more affluent consumers for the same destination during September and October. What differs in the two campaigns are the media used, the images portrayed and the prices offered.



Choosing for 'hockey'-style ice skates goes well beyond just product and price considerations. Review this chapter's opening consumer vignette for the more complete picture of the complex choice processes of teens.

Photo: Gary Bamossy

### The appeal of nostalgia

Because consumers within an age group confront crucial life changes at roughly the same time, the values and symbolism used to appeal to them can evoke powerful feelings of nostalgia (see Chapter 3). Adults aged 30+ are particularly susceptible to this phenomenon.<sup>1</sup> However, young people as well as old are influenced by references to their past. In fact, research indicates that some people are more disposed to be nostalgic than others, regardless of age. A scale that has been used to measure the impact of nostalgia on individual consumers appears in Table 13.1.

**Table 13.1** The nostalgia scale

Scale items
<ul style="list-style-type: none"> <li>• They don't make 'em like they used to.</li> <li>• Things used to be better in the good old days.</li> <li>• Products are getting shoddier and shoddier.</li> <li>• Technological change will ensure a brighter future (reverse coded).</li> <li>• History involves a steady improvement in human welfare (reverse coded).</li> <li>• We are experiencing a decline in the quality of life.</li> <li>• Steady growth in GNP has brought increased human happiness (reverse coded).</li> <li>• Modern business constantly builds a better tomorrow (reverse coded).</li> </ul>
<p><i>Note:</i> Items are presented on a nine-point scale ranging from strong disagreement (1) to strong agreement (9), and responses are summed.</p>

Source: Morris B. Holbrook and Robert M. Schindler, 'Age, sex, and attitude toward the past as predictors of consumers' aesthetic tastes for cultural products', *Journal of Marketing Research* 31 (August 1994): 416.

Chapter 3 noted that product sales can be dramatically affected by linking a brand to vivid memories and experiences, especially for items that are associated with childhood or adolescence. Vespa scooters, Hornby electric trains and the coupon 'saving points' from Douwe Egberts coffee are all examples of products that have managed to span two or more generations of loyal consumers, giving the brand a strong equity position in competitive and crowded markets.

Many advertising campaigns have played on the collective memories of consumers by using older celebrities to endorse their products, such as American Express's campaign which featured Eric Clapton and Lou Reed. In Japan, Ringo Starr (the Beatles' drummer) is used to help promote demand for apples. The target market is middle-aged consumers, and it doesn't hurt that, phonetically, 'Ringo' means *apple* in Japanese. To assess just how pervasive nostalgia is, pay attention to television commercials, and notice how often they are produced against a background of 'classic songs'. *Memories* magazine, which was founded to exploit the nostalgia boom, even offers advertisers a discount if they run old ads next to their current ones.

## ■ THE TEEN MARKET: IT TOTALLY RULES

With a spending capacity of more than 61 billion euros per year, the European youth market of teens is a powerful demographic and an important culture to understand intimately for businesses looking to grow and maintain relevancy in the future. In 1956, the label 'teenage' first entered the (American) vocabulary, as Frankie Lymon and the Teenagers became the first pop group to identify themselves with this new subculture. The concept of teenager is a fairly new cultural construction; throughout most of history a person simply made the transition from child to adult (often accompanied by some sort of ritual or ceremony, as we'll see in a later chapter). The magazine *Seventeen*, launched in 1944, was based on the revelation that young women didn't want to look just like their mothers. In the early 1960s, the teenage drama between rebellion and conformity began to unfold, pitting Elvis Presley with his greased hair and suggestive hip swivels against more 'parentally approved' types such as Cliff Richard. Now this rebellion is played out by being detached from the adult world, as exemplified by teen idols like hip-hop star Eminem or the confused, sullen teenagers appearing daily on Ricki Lake, Jerry Springer and other daytime talk shows which are broadcast on European satellite networks.<sup>2</sup>

## Teen values and conflicts

As anyone who has been there knows, puberty and adolescence can be both the best of times and the worst of times. Many exciting changes happen as individuals leave the role of child and prepare to assume the role of adult. These changes create a lot of uncertainty about the self, and the need to belong and to find one's unique identity as a person becomes extremely important. At this age, choices of activities, friends and 'looks' are crucial to social acceptance. Teenagers actively search for cues from their peers and from advertising for the 'right' way to look and behave. Advertising geared to teenagers is typically action-oriented and depicts a group of 'in' teenagers using the product. Teenagers use products to express their identities, to explore the world and their new-found freedom in it, and also to rebel against the authority of their parents and other socializing agents. Joost's rejection of his father's suggestion to buy 'classic' skates, and his choice of ice-hockey skates which fashionably matched his Fila jacket, are mild expressions of these sorts of expressive consumption behaviours. Marketers often do their best to assist in this process. The range of consumer products targeted at teenagers (and particularly young ones) is greater than ever. Then again, so is teenagers' disposable income from part-time jobs and weekly pocket money.<sup>3</sup>

Teenagers in every culture grapple with fundamental developmental issues as they make the transition from childhood to adult. According to research by Saatchi & Saatchi, there are four themes of conflict common to all teens:

- 1 *Autonomy vs. belonging.* Teenagers need to acquire independence so they try to break away from their families. On the other hand, they need to attach themselves to a support structure, such as peers, to avoid being alone. A thriving internet subculture has developed to serve this purpose, as has text messaging via mobile phones.<sup>4</sup> The net (World Wide Web) has become the preferred method of communication for many young people, since its anonymity makes it easier to talk to people of the opposite sex, or of different ethnic and racial groups.<sup>5</sup>
- 2 *Rebellion vs. conformity.* Teenagers need to rebel against social standards of appearance and behaviour, yet they still need to fit in and be accepted by others. Cult products that cultivate a rebellious image are prized for this reason. Skeleteens, a line of natural soft drinks in flavours like Brain Wash, Black Lemonade and DOA, developed such a following thanks to its 'dangerous' mystique. This underground product was first discovered by California bikers in America, who were drawn to the images of skulls and crossbones on the labels.<sup>6</sup>
- 3 *Idealism vs. pragmatism.* Teenagers tend to view adults as hypocrites, while they see themselves as being sincere. They have to struggle to reconcile their view of how the world should be with the realities they perceive around them.
- 4 *Narcissism vs. intimacy.* Teenagers can be obsessed with their appearance and needs. On the other hand, they also feel the desire to connect with others on a meaningful level.<sup>7</sup>

Teenagers throughout history have had to cope with insecurity, parental authority and peer pressure. At the start of the new millennium, however, these issues are compounded by concerns about the environment, racism, AIDS and other pressing social problems. Today's teenagers often have to cope with additional family responsibilities as well, especially if they live in non-traditional families where they must take significant responsibility for shopping, cooking and housework. Marketers have a difficult time 'defining' the values of today's European teens, perhaps because they are living in such socially dynamic and demanding times. A study among 500 young opinion leaders aged 14–20 across 16 European countries suggests that this age group's credo should be: 'don't define us – we'll define ourselves'. Respondents were asked their opinions on a wide range of subjects, from new technology to family relationships, divorce, drugs, alcohol, politics, fashion, entertainment, sex and advertising. Some of the highlights of this study<sup>8</sup> are:





Teenagers in every culture grapple with personal and social issues as they make the transition from childhood to adulthood. What better way to work through issues than together, at the snack bar!

Photo: Gary Bamossy

- Living life to the 'fullest' is mandatory; ambition drives them, as does the fear of failure. Young eastern Europeans strongly believe that hard work will give them a high standard of living and education is their passport to this better life.
- They perceive the 'digitized' future as one that lacks warmth – something Europe's teenagers, a divorce-experienced generation, is actively seeking.
- New technology which allows for '24-hour commerce' will lead to further stress for this generation, and a blurring of home/office means they will work longer and harder than any previous generation.
- The phone at home is still a central method for teens to talk to each other, although mobile phones are quickly penetrating this group's social network.
- This is a very visually literate generation, with clear understanding of a commercial's aims. Clichés will not be tolerated, and will lead to immediate rejection, particularly in the Nordic countries. Only eastern European teens have yet to achieve this level of 'advertising cynicism'.
- This generation is both brand-aware and brand-dismissive. It represents an opportunity, but not a homogeneous market. The successful marketer will be aware that for these consumers, an aspirational quality is essential, that heritage is an advantage, and that nothing is forever.



### **multicultural dimensions**

Teen rebellion is a new phenomenon in Japan, a country known for rigid conformity and constant pressure to succeed. Now more and more teenagers are questioning the rules. The drop-out rate among students in junior and senior high school increased by 20 per cent in a two-year period. More than 50 per cent of girls have had intercourse by their senior year of high school.<sup>9</sup>

Japanese youth are very style-conscious, and currently there are several niches or 'tribes', each with very well-defined looks and rules.<sup>10</sup> A popular look for Japanese girls is called the 'Gals': they are easily recognized by their bleached yellow hair, salon-tanned skin, chalk-white lipstick and 7-inch platform heels. Other groups include the Sports Clique (low-heeled Air Mocs and Gap clothing) and the Back-Harajuku Group (baggy sweatshirts, colourful jeans, sneakers (trainers) and long scarves).

To try to win the loyalty of young consumers in Japan, five big companies including Toyota, Matsushita and Asahi Breweries formed a marketing alliance. They are introducing a range of products, from beer to refrigerators, all with the same brand name of 'Will' (yes, Will). Critics are not sure the plan will work because these companies as of now do not have very modern images, so only time will tell if this ambitious plan Will or won't.<sup>11</sup>

## Appealing to the teen market

Consumers in this age subculture have a number of needs, including experimentation, belonging, independence, responsibility and approval from others. Product usage is a significant medium to express these needs. Because they are so interested in many different products and have the resources to obtain them, the teen market is avidly courted by many marketers. Much of this money goes towards 'feel-good' products – cosmetics, posters and fast food – with the occasional body piercing thrown in as well.

Because today's teenagers were raised on TV and they tend to be much more canny than older generations, marketers must tread lightly when they try to reach them. This gadget-loving, fashion-conscious generation is also considered the most materialistic generation of youngsters in history. In the UK alone, this group has the fastest-rising spending power on the high street, between £600 million and £1 billion a year. They watch 22,000 TV adverts a year, receive about £11–12 (16–18 euros) spending allowance a week and are thought to have a direct influence on 60 per cent of all parental expenditure.<sup>12</sup> As Joost illustrated with his five minutes of information-gathering on TV, teletext and the internet, teenagers in Europe have increasingly complex media consumption habits, and are acknowledged as being more advertising-literate. In particular, the messages must be seen as authentic and not condescending. In spite of teenagers' more critical evaluation of television advertising, there is no doubt that TV adverts have a clear influence on their purchases.

Marketers view teenagers as 'consumers-in-training', since brand loyalty is developed during this age. A teenager who is committed to a brand may continue to purchase it for many years to come. Such loyalty creates a barrier to entry for other brands that were not chosen during these pivotal years. Thus, advertisers sometimes try to 'lock in' consumers to certain brands so that they will buy these brands in the future more or less automatically. As one teen magazine ad director observed, 'We . . . always say it's easier to start a habit than stop it.'<sup>13</sup>



### marketing opportunity

Pre-teen girls are a major market unto themselves. Marketers use the term *tweens* to describe the 20+ million children aged 8–14 who spend \$14 billion euros a year on clothes, CDs, films and other 'feel-good' products. Limited Too sells mostly to 10- and 11-year-old girls and now mails a catalogue directly to pre-teen girls rather than to their parents. Not surprising, since pre-teen girls buy over \$4.5 billion of clothing a year. Limited Too is developing make-up products targeted at this age segment as well, featuring fragrances like Sugar Vanilla and Snow Musk.<sup>14</sup>

Tweens are 'between' childhood and adolescence and exhibit characteristics of both age groups.<sup>15</sup> As one tween commented, 'When we're alone we get weird and crazy and still act like kids. But in public we act cool, like teenagers.' This age group drove the success of films like *Titanic* and boy groups like 'N Sync – they account for about 9 per cent of all CD sales.<sup>16</sup> They like to talk on the phone and in chat rooms, they squeal and shout when the Backstreet Boys take the stage – and they've definitely got marketers' attention.

For example, Kodak made a \$75 million, five-year commitment to convince tween girls to buy its single-use Kodak Max cameras. According to internal research, this segment is 50 per cent more likely than boys of the same age to own a camera. When girls were asked to name their most prized possession, 15 per cent said photographs, while only 4 per cent of their male counterparts put photos at the top of their lists. Kodak discovered that a majority of girls keep journals, collect quotes and maintain online bulletin boards, and the company is betting that this desire to share experiences with friends will turn into a picture-perfect marketing strategy.<sup>17</sup>

Photo: Gary Bamossy

Teenagers also exert a strong influence on the purchase decisions of their parents (see Chapter 11).<sup>18</sup> In addition to providing 'helpful' advice to parents, teenagers are increasingly buying products on behalf of the family. As discussed in Chapter 11, mothers are most likely to return to the workforce (most often to part-time work) once the children in the household are at school and have become more independent.<sup>19</sup>

### Researching the youth market

Research firms are coming up with innovative ways to tap the desires of teens, many of whom don't respond well to traditional survey techniques. Sometimes respondents are given a video camera and are asked to record a 'typical' day at school – along with play-by-play commentary to help interpret what's going on. Greenfield Consulting Group uses what it calls the 'teen-as-creative-director' technique. The firm gives teens camcorders and asks them to complete a two-part creative assignment that will be judged by their peers. A typical task is to create a video collage of the 'coolest/hippest/whatever-est' things they can find and write a song/poem/story that describes what 'cool/hip' is all about. After the teens complete their assignments, they present their work to each other at a focus group facility, judge the work collectively, and award cash prizes to the creators of the best video and song/poem/story.

A recent study asked young people in the United States and the Netherlands to write essays about what is 'cool' and 'uncool'.<sup>20</sup> The researchers found that being cool has several meanings, though there were a lot of similarities between the two cultures when kids use this term. Some of the common dimensions include having charisma, being in control and being a bit aloof. And many of the respondents agreed that being cool is a moving target: the harder you try to be cool, the more uncool you are! Some of their actual responses are listed here:

- 'Cool means being relaxed, to nonchalantly be the boss of every situation, and to radiate that' (Dutch female).
- 'Cool is the perception from others that you've got "something" which is macho, trendy, hip, etc.' (Dutch male).
- 'Cool has something stand-offish, and at the same time, attractive' (Dutch male).
- 'Being different, but not too different. Doing your own thing, and standing out, without looking desperate while you're doing it' (American male).
- 'When you are sitting on a terrace in summer, you see those machos walk by, you know, with their mobile [phones] and their sunglasses. I always think, "Oh please, come back to earth!" These guys only want to impress. That is just so uncool' (Dutch female).
- 'When a person thinks he is cool, he is absolutely uncool' (Dutch female).
- 'To be cool we have to make sure we measure up to it. We have to create an identity for ourselves that mirrors what we see in magazines, on TV, and with what we hear on our stereos' (American male).

## ■ BABY BUSTERS: 'GENERATION X'

- The cohort of consumers between the ages of 18 and 29 consists of over 30 million Europeans who will be a powerful force in years to come. This group, which has been
- labelled '**Generation X**', 'slackers' or 'busters', was profoundly affected by the economic downturn in the first part of the 1990s. So-called baby busters include many people, both in and out of higher education, whose tastes and priorities are beginning to be felt in fashion, popular culture, politics and marketing. While the percentage of Europeans aged 25–29 is high in terms of completing upper secondary education (71 per cent in



1999, compared with 50 per cent of persons aged 50–59), this group also has a large drop-out rate, with one in five Europeans between the ages of 18 and 24 leaving the education system without completing a qualification beyond lower secondary schooling.<sup>21</sup> Even the World Bank is sensitive to targeting this group of future policy-makers in a vernacular they can relate to. Their Public Service Advertisement for World Hunger Day, which was broadcast by MTV in North America and Europe, was very 'Gen-X'. Images flashed by of the globe, babies, food, war, fluorescent bananas and attractive young people gazing at the camera, backed by a beat with a jazz infusion and ending with words in distinctive type: 'The World Bank. Knowledge and resources for change'.<sup>22</sup>

### Marketing to busters or marketing bust?

Although the income of this age cohort is below expectations, they still constitute a formidable market segment – partly because so many still live at home and have more discretionary income. Busters in their twenties are estimated to have an annual spending power of \$125 billion, and their purchases are essential to the fortunes of such product categories as beer, fast food and cosmetics.

Because many busters have been doing the family shopping for a long time, marketers are finding that they are much more sophisticated about evaluating advertising and products. They are turned off by advertising that either contains a lot of hype or takes itself too seriously. They see advertising as a form of entertainment but are turned off by overcommercialization.<sup>23</sup> As the Vice-President of Marketing for MTV put it, 'You must let them know that you know who they are, that you understand their life experiences. You want them to feel you're talking directly to them.'<sup>24</sup>

Nike took a soft-sell approach to woo younger buyers of its athletic shoes. Its ads show little of the product, focusing instead on encouraging readers to improve themselves through exercise. Other ads make fun of advertising: an ad created for a Maybelline eye shadow depicts supermodel Christy Turlington coolly posing in a glamorous setting. She then suddenly appears on her living room couch, where she laughs and says 'Get over it'.

One of the more successful commercials created specifically for this group was from a bank! Qualitative market research by Midland Bank (now HSBC) showed that money was one of university students' major worries. Its series of TV ads featuring Sam, 'a new student', was humorous but avoided being patronizing. It also aimed to emphasize Midland's claim that it offered the best and cheapest deals. The message was reinforced by a no-nonsense PR campaign on student financing which received 25 editorial mentions in national publications. The success of the campaign took Midland to market leadership in this segment.<sup>25</sup>

Perhaps one reason why marketers' efforts to appeal to Xers with messages of alienation, cynicism and despair have not succeeded is that many people in their twenties aren't depressed after all! Generation Xers are quite a diverse group – they don't all wear reversed baseball caps and work in temporary, low-paid mindless jobs. Despite the birth of dozens of magazines catering to 'riot grrrls' and other angry Xers with names like *Axxess*, *Project X* and *KGB*, the most popular magazine for 20-something women is *Cosmopolitan*. What seems to make this age cohort the angriest is constantly being labelled as angry by the media!<sup>26</sup>

The advertising agency Saatchi & Saatchi sent teams of psychologists and cultural anthropologists into the field to study the buster subculture. These researchers identified four key segments:

- 1 *Cynical disdainers*: The most pessimistic and sceptical about the world.
- 2 *Traditional materialists*: The most like baby boomers in their thirties and forties, these young people are upbeat, optimistic about the future, and actively striving for what they continue to view as the desire for material prosperity.

- 3 *Hippies revisited*: This group tends to espouse the non-materialistic values of the 1960s. Their priorities are expressed through music, retro fashion and a strong interest in spirituality.
- 4 *Fifties machos*: These consumers tend to be young conservatives. They believe in stereotyped gender roles, are politically conservative and are the least accepting of multiculturalism.<sup>27</sup>



### marketing pitfall

'A name that is not just memorable but also quickly articulates a brand's personality is essential in the tobacco market, where marketing options have been increasingly curtailed. Now, as UK legislators ponder a clampdown on the promotion of alcoholic drink, especially when it appeals to young people, newcomer Easy Drinking Whisky Company is putting this to the test.

EDWC has created JMR, a brand aimed at 20-to-30-year-olds, a younger audience than whisky traditionally attracts. The brand's personal touch extends to light-hearted snapshots of the founders on all product labels. Packaging design eschews the traditional whisky imagery of dark colours, heathers and tweed in favour of contemporary graphics. The descriptive product names are also designed to distinguish JMR's three new whiskies - *Rich Spicely*, *Smooth Sweeter* and *Smokey Peaty* - away from traditional brand names. Smooth Sweeter is JMR's entry-level product, promising the easiest taste for the Scotch novice.

JMR is on sale in 220 Oddbins retail stores across the UK. In the UK, Oddbins is a natural fit as it is a youthful retail brand that encourages staff to make personal recommendations. Live events will also be essential to drive brand awareness internationally through product sampling. Without the budget to compete with established brands such as Glenfiddich, EDWC is relying on brand personality and publicising the ethos behind the business.

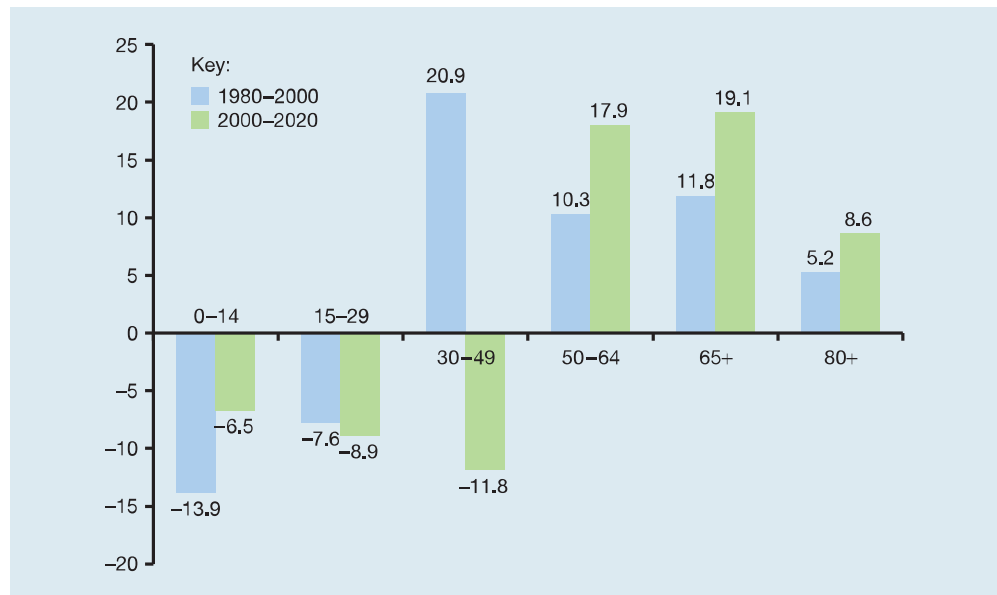
'Easy Drinking Whisky Company promotional strategy is that of challenging the approach to whisky distilling, marketing and promotion taken by established distilleries.' The company has set out to create whisky that is more accessible to people like the three founders - all in their early 30s - and to demystify malt whisky, which is currently positioned by the big distilleries as a drink for connoisseurs. Most whisky drinkers are aged 40-plus. EDWC is targeting 25-to-45-year-olds. The palate of younger drinkers naturally creates a preference for sweeter drinks such as alcopops.

Other reasons that younger people do not drink whisky include perceptions of it as a 'dad's drink', conventional malt whisky marketing that alienates younger consumers and a price that tends to be higher than 'easier' alternatives such as vodka. EDWC is pricing its whiskies below the market average. The company hopes its approach to advertising will keep JMR out of the line of sight of UK legislators now considering a further tightening of alcohol marketing regulation to combat excessive alcohol consumption, particularly among young adults and teenagers. Drinks industry observers, however, believe that a fine balancing act is required if drinkers aged 20 to 30 are to be won without the brand also appealing to teenagers.'<sup>28</sup>

## ■ BABY BOOMERS

- The **baby boomers** are the source of many fundamental cultural and economic changes. The reason: power in numbers. As the Second World War ended, they began to establish families and careers at a record pace. Imagine a large python that has swallowed a mouse: the mouse moves down the length of the python, creating a moving bulge as it goes. So it is with baby boomers. In 2003 there were 74 million elderly people aged 65 and over in the EU-25 countries, compared with only 38 million in 1960. The baby boomers' ageing, coupled with extended longevity, and the overall lower fertility levels in the EU means that the population will continue to grow older for the coming decades.<sup>29</sup>



**Figure 13.1** Demographic trends by age group, EU-15, 1980–2020

Source: Eurostat – *Demographic Statistics*, Figure 12, Eurostat © European Communities, and 1999-based demographic projections.

## The cultural impact of boomers

Figure 13.1 shows the projections of the European population for both youth and boomers for a 60-year period. This increase in the proportion of older citizens and decrease in the proportion of youth is often referred to as the ‘greying and de-greening’ of the European population, a structural trend which has major implications for the marketing of goods and services.

As teenagers in the 1960s and 1970s, this generation created a revolution in style, politics and consumer attitudes. As they have aged, their collective will has been behind cultural events as diverse as the Paris student demonstrations and hippies in the 1960s and Thatcherism and yuppies in the 1980s. Now that they are older, they continue to influence popular culture in important ways.

## Economic power: he who pays the piper, calls the tune

Because of the size and buying power of the boomer group over the last 20 years, marketers focused most of their attention on the youth market. The popular slogan at the time, ‘Don’t trust anyone over thirty’, also meant that people over 30 had trouble finding products appropriate to their age groups. Times have changed, and again it is the baby boomers who have changed them. For example, boomers tend to have different emotional and psychological needs from those who came before them. Domain, a high-fashion furniture chain, found that its core boomer clientele is as concerned about self-improvement as it is about home decor. The company launched a series of in-store seminars dealing with themes like women’s issues and how to start a business, and found its repeat business doubled.<sup>30</sup>

This ‘mouse in the python’ has moved into its mid-thirties to fifties, and this age group is now the one that exerts the most impact on consumption patterns. Most of the growth in the market will be accounted for by people who are moving into their peak earning years. As one commercial for VH1, the music-video network that caters to those who are

a bit too old for MTV, pointed out, 'The generation that dropped acid to escape reality . . . is the generation that drops antacid to cope with it.'

Consumers aged 35–44 spend the most on housing, cars and entertainment. In addition, consumers aged 45–54 spend the most of any age category on food, clothing and personal pension plans. To appreciate the impact middle-aged consumers have and will have on the European economy, consider this: at current spending levels, a 1 per cent increase in householders aged 35–54 results in an additional \$8.9 billion in consumer spending.

In addition to the direct demand for products and services created by this age group, these consumers are creating a new baby boom of their own to keep marketers busy in the future. Since fertility rates have dropped, this new boom is not as big as the one that created the baby boom generation: the new upsurge in the number of children born in comparison can best be described as a *baby boomlet*.

Many couples postponed getting married and having children because of the new emphasis on careers for women. These consumers are now beginning to hear the ticking of the biological 'clock'. They are having babies in their late twenties and early thirties, resulting in fewer (but perhaps more pampered) children per family. Couples in the 25–34 age group account for roughly one in five of all married couples in Europe, but for one in three of married couples with children living at home.



#### marketing opportunity

### Beer: a matter of taste, or age?

'In one of his rare rhetorical flourishes, former Prime Minister John Major once proclaimed that Britain would remain a land of 'dog lovers, invincible green suburbs, and warm beer'. Today, the dogs still roam the leafy suburbs, but warm ales, long a symbol of British beer-drinking habits, are no longer 'cool'.

'Drink ice cold' instructs the new bottle for Worthington ale, a venerable British beer. T&R Theakston Ltd, renowned for such traditional tipples as Old Peculier, is rolling out an ale called Cool Cask, served at 50 °F, compared with a typical 54 °–56 °F for traditional British ales. Far bolder, Guinness Ltd promotes an alternative version of its stout called Guinness Extra Cold, poured from the tap at 39 °F, about the same as US-style lagers. Partisans of traditional ales are appalled. 'You might as well just serve water', says Mick Lewis, 49 years old, and chairman of the North London branch of the Campaign for Real Ale, whose members drown their sorrows the old-fashioned way.

Beer marketers, however, see more future in people like Alec Skelton. This 29-year-old British lawyer, dapper in rectangular glasses and a sleek charcoal-grey suit, glides to the bar at the Old Bell, a 330-year-old pub on Fleet Street. The offerings include Brakspear and Timothy Taylor Landlord, two revered English ales, hand pumped from the cellar. Mr Skelton doesn't hesitate: he calls for a cold bottle of Budweiser. 'I like the cool, crisp taste', he says. He also likes the image. In his mind, ale stands for a 'slightly older generation, family, countryside', while Bud is hip and urban. The clincher, perhaps, is that Mr Skelton's father drinks ale, and even brews it at home.

In the past, British beer seemed warm only to foreigners. Usually, it was served at least a few degrees below room temperature, a habit formed in the days before refrigeration, when beer was stored in cellars. But the average temperature of beer in the UK has been falling gradually for decades. Why this national cooling? The British have been steadily switching from ale to lager, the cold, golden style of beer that predominates in most parts of the world. In 1960 lager accounted for just 1 per cent of the British beer market. In 2000, lager's share was 62 per cent – a testament to decades of heavy advertising for foreign brands such as Budweiser, Stella Artois and Foster's. Once young drinkers get used to cold beer, they often find their fathers' ale too warm to be refreshing.<sup>31</sup>

## ■ THE GREY MARKET

The old widowed woman sits alone in her clean but sparsely furnished apartment, while the television blares out a soap opera. Each day, she slowly and painfully makes her way out of the apartment and goes to the corner shop to buy essentials, bread, milk and vegetables, always being careful to pick the least expensive offering. Most of the time she sits in her rocking chair, thinking sadly of her dead husband and the good times she used to have.

Is this the image you have of a typical elderly consumer? Until recently, many marketers did. As a result, they largely neglected the elderly in their feverish pursuit of the baby boomer market. But as our population ages and people are living longer and healthier lives, the game is rapidly changing. A lot of businesses are beginning to replace the old stereotype of the poor recluse. The newer, more accurate image is of an elderly person who is active, interested in what life has to offer, and is an enthusiastic consumer with the means and willingness to buy many goods and services.

### Grey power: shattering stereotypes

By the year 2010, 20 per cent of Europeans will be 62 or older. This fastest-growing age segment can be explained by the ageing of 'boomers', an increase in awareness of healthy lifestyles and nutrition, coupled with improved medical diagnoses and treatment. Over the past 50 years, life expectancy of men and women has risen steadily: by around 10 years for each sex. Throughout the European Union, women live longer than men. In



Saga Magazine is the UK's biggest selling monthly magazine exclusively for people aged 50 and over.

Courtesy of Saga Magazine

1998 the life expectancy of women in the EU-15 countries was 81 years, while that for men was 75. Estimates are that the life expectancy of women and men may reach 84 and 78 years respectively by the year 2020.<sup>32</sup> Not only is this segment growing and living longer, but older adults have large amounts of discretionary income, since they typically have paid off their mortgage, and no longer have the expense of raising and educating children.

Most elderly people lead more active, multidimensional lives than we assume. Many engage in voluntary work, continue to work and/or are involved in daily care of a grandchild. Still, outdated images of mature consumers persist. In one survey, one-third of consumers over age 55 reported that they deliberately did *not* buy a product because of the way an elderly person was stereotyped in the product's advertising.<sup>33</sup>

#### Seniors' economic clout

► There is abundant evidence that the economic health of elderly consumers is good and getting better. Some of the important areas that stand to benefit from the surging **grey market** include holidays, cars, home improvements, cruises and tourism, cosmetic surgery and skin treatments, health, finance and legal matters, and 'how-to' books for learning to cope with retirement.

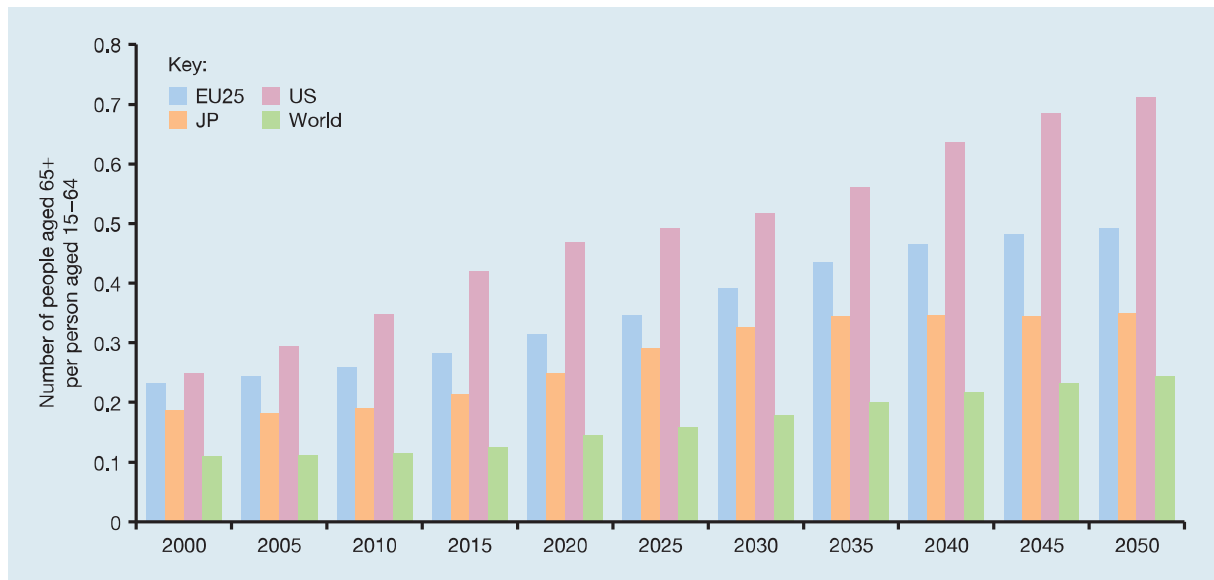
It is crucial to remember that income alone does not capture the spending power of this group. As mentioned above, elderly consumers are no longer burdened with the financial obligations that drain the income of younger consumers. Elderly consumers are much more likely to own their home, have no mortgage or have a (low-cost or subsidized) rented house or apartment. Across Europe, approximately 50 per cent of pensioners' income still comes from state pensions, yet it is clear that older consumers are time-rich, and have a significant amount of discretionary income to spend.<sup>34</sup> The relatively high living standards of future retirees (the baby boomers) and the stability of public finances in different European states has led to an active discussion of pension reform plans throughout the European Union. Nonetheless, pensions will continue to play an important role in the discretionary incomes of Europe's retired population. Table 13.2 shows the amounts paid out in pensions as a percentage of final salary. As a final note on the two major demographic trends in Europe, let's link together the 'greying' and the 'de-greening' populations. Figure 13.2 shows the dependency ratio of the number of people in the EU-25 countries over the age of 65, relative to the number of people

**Table 13.2** Amounts paid out in pensions as a percentage of final salary

Salary	20,000 euros	50,000 euros
Belgium	58%	45%
Finland	60%	59%
France	67%	51%
Germany	45%	43%
Greece	70%	48%
Ireland	53%	21%
Italy	78%	75%
The Netherlands	76%	31%
Portugal	74%	74%
Spain	94%	63%
UK	35%	14%
USA (for comparison)	71%	45%

*Note:* Different systems are not always directly comparable, as some base pensions on final salary, while others on average salary. Higher-income workers are treated differently, depending on country.

Sources: Fitch Investor Services; *Wall Street Journal* (30 October 2000): A21.

**Figure 13.2** Old age dependency ratio

Source: For EU-15, Eurostat 2000 Demographic Projections (baseline scenario). For all other, UN World Population Prospects - 2002 Revision (Medium Var.).

aged 15–64 (those who are theoretically still employed).<sup>35</sup> While Japan (JP) faces the most critical scenario, the EU is also looking at a future with a greater percentage of the elderly, relative to a smaller percentage of younger people. This will have significant implications for social security payments, and the offerings of goods and services.



A few marketers are beginning to recognize the vast potential of the senior market and are designing products and services to cater to the specific needs of the elderly. A growing number of magazines are also being targeted to meet the interests of the older consumer. *Active Life*, *Saga Magazine*, *Mature Times* and *Plus* are all targeted at the 'over 50' market, although you wouldn't necessarily know it by the magazines, photos, advertising or articles! Most covers show vital, active 50-plussers, and the advertising focuses on quality of service, value for money and straightforward communications. With the exception of a few older faces promoting incontinence products, you're more likely to see consumers on mountain bikes than tending the garden.

Even companies that have relatively many 65-plussers as a target market don't feel the need to associate 'old' with their products or services. Advertisements for river and ocean cruises (which have a high percentage of older clientele throughout Europe) show busy discos and swimming pools dominated by 30–40-year-old clients, with a few wrinkle-free elderly in the photo. The accent to the elderly market is on product benefits, and not whether the product is best suited for a particular age group.<sup>36</sup>

Researchers have identified a set of key values that are relevant to older consumers. For marketing strategies to succeed, they should be related to one or more of these factors:<sup>37</sup>

- *Autonomy*. Mature consumers want to lead active lives and to be self-sufficient. Financial services and financial planning are increasing markets for the elderly segment, who have a strong need to remain independent. While companies are the largest

purchasers of cars in the UK, the majority of private buyers are 'greys' – a further sign of their financial muscle and desire for autonomy.<sup>38</sup>

- *Connectedness.* Mature consumers value the bonds they have with friends and family. While the 'grey' don't relate well to their own age group (most elderly report feeling on average ten years younger than they are, and feel that 'other' elderly behave 'older' than they do), they do value information which communicates clear benefits to cohorts in their age group. Advertisements which avoid patronizing stereotypes are well received.
- *Altruism.* Mature consumers want to give something back to the world. Thrifty Car Rental found in a survey that over 40 per cent of older consumers would select a rental car company if it sponsored a programme that gives discounts to senior citizens' centres. Based on this research, the company launched its highly successful 'Give a Friend a Lift' programme.
- *Personal growth.* Mature consumers are very interested in trying new experiences and developing their potential. By installing user-friendly interactive touch-screen computer stations in European stores, GNC has found that older consumers have become better educated about health issues, and are loyal to the brand.<sup>39</sup>

### Perceived age: you're only as old as you feel

The 'grey' market does not consist of a uniform segment of vigorous, happy, ready-to-spend consumers – nor is it a group of senile, economically marginalized, immobile people. In fact, research confirms the popular wisdom that age is more a state of mind than of body. A person's mental outlook and activity level has a lot more to do with his or her longevity and quality of life than does *chronological age*, or the actual number of years lived. In addition to these psychological dimensions of age, there are also cultural influences on what constitutes ageing, and perceptions of what is 'elderly' across different European markets.<sup>40</sup>

- ▶ A better yardstick to categorize the elderly is **perceived age**, or how old a person feels. Perceived age can be measured on several dimensions, including 'feel-age' (how old a person feels) and 'look-age' (how old a person looks).<sup>41</sup> The older consumers get, the younger they feel relative to actual age. For this reason, many marketers emphasize product benefits rather than age appropriateness in marketing campaigns, since many consumers will not relate to products targeted to their chronological age.<sup>42</sup>



#### marketing pitfall

Some marketing efforts targeted at the elderly have backfired because they reminded people of their age or presented their age group in an unflattering way. One of the more infamous blunders was committed by Heinz. A company analyst found that many elderly people were buying baby food because of the small portions and easy chewing consistency, so Heinz introduced a line of 'Senior Foods' made especially for denture wearers. Needless to say, the product failed. Consumers did not want to admit that they required strained foods (even to the supermarket cashier). They preferred to purchase baby foods, which they could pretend they were buying for a grandchild.

In Holland, a country where bicycles are an important mode of personal transportation, a specially designed 'elderly bicycle' was a resounding failure in spite of its competitive product benefits. While conventional marketing wisdom would suggest that a firm communicate its unique functional benefits to a target market, this wisdom backfired for the Dutch 'greys'. Positioning the bicycle as an easy-to-pedal 'senior bicycle' was met with a negative response, as the Dutch elderly who still ride a bicycle (a common sight in Holland!) feel too young to be riding a 'senior' bike.<sup>43</sup>



## Segmenting seniors

The senior subculture represents an extremely large market: the number of Europeans aged 62 and over exceeds the entire population of Canada.<sup>44</sup> Because this group is so large, it is helpful to think of the mature market as consisting of four subsegments: an 'older' group (aged 55–64), an 'elderly' group (aged 65–74), an 'aged' group (aged 75–84) and finally a 'very old' group (85+).<sup>45</sup>

The elderly market is well suited for segmentation. Older consumers are easy to identify by age and stage in the family life cycle. Most receive social security benefits so they can be located without much effort, and many subscribe to one of the magazines targeted to the elderly, discussed earlier in this section. *Saga Magazine* in the UK has the largest circulation of any European magazine, with over 750,000 monthly readers. Selling holidays and insurance to the over-50s, the parent company also makes use of a database with over 4 million over-50s.

Several segmentation approaches begin with the premise that a major determinant of elderly marketplace behaviour is the way a person deals with being old.<sup>46</sup> *Social ageing theories* try to understand how society assigns people to different roles across the lifespan. For example, when someone retires he/she may reflect society's expectations for someone at this life stage – this is a major transition point when people exit from many relationships.<sup>47</sup> Some people become depressed, withdrawn and apathetic as they age, some are angry and resist the thought of ageing, and some appear to accept the new challenges and opportunities this period of life has to offer.

- Table 13.3 summarizes some selected findings from one current segmentation approach, called **gerontographics**, which divides the mature market into groups based on both level of physical well-being and social conditions, such as becoming a grandparent or losing a spouse.

**Table 13.3** Gerontographics

Segment	55-plus	Profile	Marketing implications
Healthy indulgers	18%	Have experienced the fewest events related to ageing, such as retirement or widowhood, and are most likely to behave like younger consumers. Main focus is on enjoying life.	Looking for independent living and are good customers for discretionary services like home-cleaning and answering machines.
Healthy hermits	36%	React to life events like the death of a spouse by becoming withdrawn. Resent that they are expected to behave like old people.	Emphasize conformity. They want to know their appearance is socially acceptable, and tend to be comfortable with well-known brands.
Ailing outgoers	29%	Maintain positive self-esteem despite adverse life events. They accept limitations but are still determined to get the most out of life.	Have health problems that may require a special diet. Special menus and promotions will bring these people into restaurants seen as catering to their needs.
Frail recluses	17%	Have adjusted their lifestyles to accept old age, but have chosen to cope with negative events by becoming spiritually stronger.	Like to stay put in the same house where they raised their families. Good candidates for redecorating, also for emergency response systems.

Source: Adapted from George P. Moschis, 'Life stages of the mature market', *American Demographics* (September 1996): 44–50.



### marketing pitfall

Many consumer products will encounter a more sympathetic reception from the elderly if products and the packages they come in are redesigned to be sensitive to physical limitations. While aesthetically appealing, packages are often awkward and difficult to manage, especially for those who are frail or arthritic. Also, many serving sizes are not geared to smaller families, widows or widowers and other people living alone, and coupons tend to be for family-sized products, rather than for single servings.

Older people may have difficulty with ring-pull cans and push-open milk cartons. Ziploc packages (self-sealing plastic bags) and clear plastic wrap are also difficult to handle. Packages need to be easy to read and should be made lighter and smaller. Finally, designers need to pay attention to contrasting colours. A slight yellowing of the eye's lens as one ages makes it harder to see background colours on packages. Discerning between blues, greens and violets becomes especially difficult. The closer identifying type colours are to the package's or advertisement's background colour, the less visibility and attention they will command.

In general, the elderly have been shown to respond positively to ads that provide an abundance of information. Unlike other age groups, these consumers are not usually amused, or persuaded, by imagery-oriented advertising. A more successful strategy involves the construction of advertising that depicts the aged as well-integrated, contributing members of society, with emphasis on them expanding their horizons rather than clinging precariously to life.

Some basic guidelines have been suggested for effective advertising to the elderly. These include the following:<sup>48</sup>

- Keep language simple.
- Use clear, bright pictures.
- Use action to attract attention.
- Speak clearly, and keep the word count low.
- Use a single sales message, and emphasize brand extensions to tap consumers' familiarity.
- Avoid extraneous stimuli (excessive pictures and graphics can detract from the message).

## ■ CHAPTER SUMMARY

- Europeans have many things in common with others merely because they are about the same age or live in the same country, or same part of the country. Consumers who grew up at the same time share many cultural memories, so they may respond to marketers' *nostalgia* appeals that remind them of these experiences.
- Important age cohorts include teenagers, 18-29-year-olds, baby boomers and the elderly. *Teenagers* are making a transition from childhood to adulthood, and their self-concepts tend to be unstable. They are receptive to products that help them to be accepted and enable them to assert their independence. Because many teenagers receive allowances, and/or earn pocket money but have few financial obligations, they are a particularly important segment for many non-essential or expressive products, ranging from chewing gum to hair gel, to clothing fashions and music. Because of changes in family structure, many teenagers are taking more responsibility for their families' day-to-day shopping and routine purchase decisions.

- 'Gen-Xers', consumers aged 18-29, are a difficult group for marketers to 'get a clear picture of'. They will be a powerful force in the years to come, whose tastes and priorities will be felt in fashion, popular culture, politics and marketing.
- *Baby boomers* are the most powerful age segment because of their size and economic clout. As this group has aged, its interests have changed and marketing priorities have changed as well. The needs and desires of baby boomers have a strong influence on demands for housing, childcare, cars, clothing and so on. Only a small proportion of boomers fit into an affluent, materialistic category.
- As the population ages, the needs of *elderly* consumers will also become increasingly influential. Many marketers traditionally ignored the elderly because of the stereotype that they are inactive and spend too little. This stereotype is no longer accurate. Most of the elderly are healthy, vigorous and interested in new products and experiences - and they have the income to purchase them. Marketing appeals to this age subculture should focus on consumers' self-concepts and perceived ages, which tend to be more youthful than their chronological ages. Marketers should emphasize the concrete benefits of products, since this group tends to be sceptical of vague, image-related promotions. Personalized service is of particular importance to this segment.

#### ► KEY TERMS

**Age cohort** (p. 456)

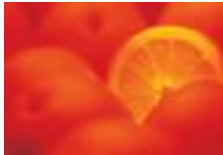
**Baby boomers** (p. 464)

**Generation X** (p. 462)

**Gerontographics** (p. 471)

**Grey market** (p. 468)

**Perceived age** (p. 470)



## CONSUMER BEHAVIOUR CHALLENGE

- 1 As Europe moves further into the process of creating a single market and single currency, citizens' attitudes regarding different aspects of this complex process are monitored in all countries. See the following website for the most recent survey findings: <http://europa.eu.int/en/comm/dg10/infcom/epo/eo.html>. What sorts of tentative conclusions can you make with respect to the influence that age has on attitudes towards single currency and other 'pan-European' efforts? What are the possible implications for the marketing of goods and services using a pan-European strategy?
- 2 Over the past few years, the Vatican has been involved in a variety of events aimed at developing a closer and stronger relationship with Europe's youth. At the invitation of the Pope, Bob Dylan (who was 50-something) gave a concert in 1997. Other Vatican-sponsored projects, such as World Youth Day, have enlisted French fashion designers (see Amy Barrett, 'John Paul II to share stage with marketers', *Wall Street Journal Europe*, 19 August 1997: 4). Do a literature and Web search to document the Vatican's activities that are targeted at youth. What goals do they seem to have in mind? What are the key segments? (Think in terms of age group segments, as well as geographic and cultural segmentation variables.) How successful a 'marketer' is the Vatican, in your opinion?