

CHAPTER 1

Understanding Consumer Behavior

CHAPTER SUMMARY

Consumer behavior involves understanding the set of decisions (what, whether, why, when, how, where, how much, and how often) that an individual or group of consumers makes over time about the acquisition, use, or disposition of goods, services, ideas, or other offerings. The psychological core exerts considerable influence on consumer behavior. A consumer's motivation, ability, and opportunity affect his or her decisions and influence what a person is exposed to, what he or she pays attention to, and what he or she perceives and comprehends. These factors also affect how consumers categorize and interpret information, how they form and retrieve memories, and how they form and change attitudes. Each aspect of the psychological core has a bearing on the consumer decision-making process, which involves (1) problem recognition, (2) information search, (3) judgments and decision making, and (4) evaluating satisfaction with the decision.

Consumer behavior is affected by the consumer's culture and by the typical or expected behaviors, norms, and ideas of a particular group. Consumers belong to a number of groups, share their cultural values and beliefs, and use their symbols to communicate group membership. Household and social class influences are involved in consumer behavior, as are each individual's values, personality, and lifestyles. Consumer behavior can be symbolic and express an individual's identity. It is also indicative of how quickly an offering spreads throughout a market. Further, ethics and social responsibility play a role in consumer behavior.

Marketers study consumer behavior to gain insights that will lead to more effective marketing strategies and tactics. Ethicists and advocacy groups are keenly interested in consumer behavior, as are public policy makers and regulators who want to protect consumers from unsafe or inappropriate offerings. Consumers and society can both benefit as marketers learn to make products more user-friendly and to show concern for the environment. Finally, studying consumer behavior helps marketers understand how to segment markets and how to decide which to target, how to position an offering, and which marketing-mix tactics will be most effective.

CHAPTER LEARNING OBJECTIVES

At the end of this chapter, students will be able to:

1. Define consumer behavior and explain the components that make up the definition.
2. Identify the four domains of consumer behavior that affect acquisition, usage, and disposition decisions.
3. Discuss the benefits of studying consumer behavior.
4. Explain how companies apply consumer behavior concepts when making marketing decisions.

CHAPTER OUTLINE

I. Defining Consumer Behavior

The totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by human decision-making units (over time).

- A. Consumer Behavior Involves Goods, Services, Activities, Experiences, People and Ideas
 - 1. In addition to products, services, activities, ideas, people and time are also the target of marketing efforts and studies in consumer behavior.
 - 2. The term offering is used to encompass all entities that can be marketed.
- B. Consumer Behavior Involves More Than Buying
 - 1. How consumers acquire, use, and dispose of products, services, activities, and ideas must be considered by marketing managers.
 - 2. Disposition, how consumers get rid of an offering they have previously acquired, can have important implications for marketers.
 - 3. Buying represents one type of acquisition behavior.
 - 4. Managing money and making financial decisions.
- C. Consumer Behavior Is a Dynamic Process
 - 1. Consumers interact with the offerings they encounter in various environments over a period of time as they move through the process of acquisition, use, and disposition.
- D. Consumer Behavior Can Involve Many People
 - 1. Many individuals may be involved in the acquisition, use, and disposal of an offering, each person holding one or more consumer roles in the process.
- E. Consumer Behavior Involves Many Decisions
 - 1. Whether to Acquire/Use/Dispose of an Offering
 - a) Is this an offering for me?
 - 2. What offering to Acquire/Use/Dispose of
 - a) Which category should I choose from? Which brand
 - * refer students to figure- Average Annual U.S. Consumer Spending, By Category and note that most of spending are on basic needs such as housing
 - 3. Why Acquire/Use/Dispose of an Offering
 - a) Is this offering compatible with my needs, values, and goals? Will it help me to fit in?
 - 4. Why an Offering is Not Acquired/Used/Disposed of
 - a) What keeps me from purchasing an item?
 - 5. How to Acquire/Use/Dispose of an Offering
 - a) Ways of Acquiring an Offering—Can I trade for this product? Rent or lease it. Should I give it as a gift? Can I barter for the item?
 - b) Ways of Using an Offering—What are the appropriate uses for an item? Are there innovative uses of this product? How are consumers educated to use this product?

- c) Ways of Disposing of an Offering—What should I do when I am done with it. Should I find a new use? Get rid of it temporarily? Permanently?
- 6. When to Acquire/Use/Dispose of an Offering
 - a) When is it “appropriate” to acquire or use an offering in a given situation. Special occasions? Every day? 24 hours a day?
- 7. Where to Acquire/Use/Dispose of an Offering
 - a) Is this offering easily found or returned at a general merchandiser or is it a specialty item? Retail? Wholesale? Cyber sale?
- 8. How Much, How Often, and How Long to Acquire/Use/Dispose of an Offering
 - a) Do I use this all the time? Infrequently?
- F. Consumer Behavior Involves Emotions and Coping
 - b) Emotions, both positive and negative, as well as specific emotions such as hope, fear, regret, guilt, embarrassment, and general moods can affect consumers’ behavior.
 - c) Consumers may have to cope with stress from consumption situations.
 - c) There is differing coping behavior among certain segments, such as low-literacy consumers.

II. What Affects Consumer Behavior?

A. The Psychological Core: Internal Consumer Processes

- 1. Motivation, Ability, and Opportunity
 - a) Is the consumer motivated to focus on the decision?
 - b) Will the consumer have the opportunity to make an informed choice?
 - c) Does the consumer have the ability to distinguish one offering from another?
- 2. Exposure, Attention, Perception, and Comprehension
 - a) Is the consumer exposed to information related to the choice?
 - b) Is the consumer able to attend to and perceive the information that is available? And to categorize and comprehend the information?
 - c) This process is termed the comprehension process.
- 3. Memory and Knowledge
 - a) Storage and recall in part depends on MAO.
 - b) Choice is based on information retrieved, not stored.
- 4. Forming and Changing Attitudes
 - a) Based on the information the consumer receives, what attitudes are formed? How do these evaluations change in the presence of new information?

B. The Process of Making Decisions

- 1. Problem Recognition and the Search for Information
 - a) Does the consumer recognize problems and search for necessary information?
- 2. Making Judgments and Decisions

- a) To what extent does the consumer expend time, and mental and emotional energy in making a decision?
- 3. Making Post-decision Evaluations
 - a) To what extent does the consumer's post-decision evaluation provide feelings of satisfaction or dissatisfaction?
- C. The Consumer's Culture: External Processes
 - 1. Reference Groups and Other Social Influences
 - a) What groups does the consumer perceive the he/she is a member and how do these groups influence the consumer's behavior?
 - 2. Diversity Influences
 - a) Ethnic or religious groups affect consumer decisions; these may be regional or broader.
 - b) Diversity impacts one's vacation choices, for example.
 - 3. Household and Social Class Influences
 - a) For example, the upper middle class and living with parents impact decisions.
 - 4. Values, Personality, and Lifestyles
 - a) To what extent do the consumer's beliefs, personality, activities, interests and opinions influence the consumer choices he/she makes?
- D. Consumer Behavior Outcomes and Issues
 - 1. Consumer Behaviors Can Symbolize Who We Are
 - a) How do consumers' behaviors reflect and project "who they are"?
 - 2. Consumer Behaviors Can Diffuse Through a Market
 - a) How do the behaviors of certain individuals spread to others in the market?
 - 3. Consumer Behavior, Ethics, and Social Responsibility
 - a) Sometimes consumers face potentially conflicting priorities.
 - b) Consumers and marketers can and do use marketing for constructive purposes.

III. Who Benefits from the Study of Consumer Behavior?

- A. Marketing Managers
 - 1. How do marketing managers use consumer behavior to develop marketing strategies and tactics?
 - 2. How do they adapt to consumers' different wants and needs?
- B. Ethicists and Advocacy Groups
 - 1. To what extent is it appropriate to use knowledge of consumer behavior to promote certain types of products or services?
- C. Public Policy Makers and Regulators
 - 1. To what extent is it appropriate to use knowledge of consumer behavior to influence laws and business rules?
- D. Academics

1. How do academics use consumer behavior concepts both in the classroom and when conducting research?
- E. Consumers and Society
 1. To what extent does knowledge of consumer behavior make people better consumers?
- IV. Making Business Decisions Based on the Marketing Implications of Consumer Behavior
 - A. Developing and Implementing Customer-Oriented Strategy
 1. How is the market segmented?
 2. How profitable is each segment?
 3. What are the characteristics of consumers in each segment?
 4. Are consumers satisfied with existing offerings?
 - B. Selecting the Target Market
 1. Which consumer groups are appropriate targets for a firm's marketing efforts?
 - C. Developing Products
 1. What ideas do consumers have for new products?
 2. What attributes can be added to or changed in an existing offering?
 3. How should the offering be branded?
 4. What should the package and logo look like?
 - D. Positioning
 1. How are competitive offerings positioned?
 2. How should our offerings be positioned?
 3. How should our offerings be repositioned?
 - E. Making Promotion and Marketing Communications Decisions
 1. What are our communications objectives?
 2. What should our marketing communications look like?
 3. Where should advertising be placed?
 4. When should we advertise?
 5. Has our advertising been effective?
 6. What about sales promotion objectives and tactics?
 7. Have our sales promotions been effective?
 8. How can salespeople best serve customers?
 - F. Making Pricing Decisions
 1. What price should be charged?
 2. How sensitive are consumers to price and price changes?
 3. When should certain pricing tactics be used?
 - G. Making Distribution Decisions
 1. Where and when are our target consumers likely to shop?
 2. What do customers want to see in stores?
 3. How should stores be designed?

QUESTIONS FOR REVIEW AND DISCUSSION

Possible answers are as follows.

- 1. How is consumer behavior defined?*
Consumer behavior entails the acquisition of, use of, and disposition of goods. Note that disposition is often forgot as an aspect of cb.
- 2. What is an offering?* A product or service or activity or idea offered by a marketing organization to consumers.
- 3. What are some of the factors in the psychological core that affect consumer decisions and behavior?*
MAO- Motivation, ability, opportunity
Exposure, Attention, and Perception
Knowing and Understanding
Attitude formation and Change
Memory and Retrieval
- 4. What aspects of the consumer's culture influence decisions and behavior?*
Diversity Influences
Social Class and Household Influences
Values, Personality, and Lifestyles
Reference Groups
Other Social Influences
- 5. How is marketing defined?*
A social and managerial process through which individuals and groups obtain what they need and want by creating and exchanging products and value with others.
- 6. How can public policy decision makers, advocacy groups, and marketing managers use consumer research?*
To understand what consumers and clients value. To help develop and understand what appropriate goods and services deem best for consumers. Policy makers use research to set law and policy in government, for instance a texting while driving law may be based on consumer research about safety and phone use while driving. Advocacy groups use research in the same way; yet, they focus on using research to advocate a point or view (e.g., Mothers Against Drunk Driving MADD). Marketing managers can help consumers by understanding consumer use and desires via research.
- 7. What kinds of marketing questions can companies use consumer behavior research to answer?*
How is the market segmented?
How profitable is each segment?
What are the characteristics of consumers in each segment?
Are customers satisfied with existing offerings?

- How are competitive offerings positioned?
- How should our offerings be positioned?
- What ideas do consumers have for new products?
- What attributes can be added to or changed in an existing offering?
- What should our offerings be called?
- What should our package and logo look like?
- What are our advertising objectives?
- What should our advertising look like?
- Where should our advertising be placed?
- When should we advertise?
- Has our advertising/sales promotions been effective?
- When should sales promotions take place?
- When should certain price tactics take place?

8. How can you benefit from studying consumer behavior?

Consumer behavior studies can help consumers in the marketplace to understand the market, and its role in business practice.

Supplementary Material

IN CLASS ASSIGNMENT

(Courtesy of Lars Perner, Ph.D., University of Southern California)

**ANALYZING CONSUMER
GENERATED CONTENT**

Your task is to analyze **consumer generated** online postings—e.g., blog entries, pictures, and videos—for a product category or brand of your choice. **The material should be generated by consumers** (advertisements are usually created by firms and/or their advertising agencies and are *not* appropriate).

Please:

1. Select some individuals with whom you will be comfortable working. Teams can be any size from one through the entire class.
2. Select (a) a product category (e.g., baseballs, tomatoes, aftershave) or (b) a brand that may encompass several product categories or (c) a specific product category for a specific brand (e.g., Nike basketball shoes) of interest.
3. Find a number of online postings by consumers discussing or portraying their experience with the product or brand. You may want to consider:
 - a. Blog entries (which can be searched through the Google Blog Search feature at <http://blogsearch.google.com/>).
 - b. Consumer product evaluations sites such as epions.com and evaluations on merchant sites such as Amazon.com.

- c. Photos (available from Flickr (<http://www.flickr.com/>) , WebShots (<http://www.webshots.com/>), Picasa Web (<http://www.picasaweb.com>), and any other photo share sites. You can also search using the Google Images search feature (<http://images.google.com>).
- d. Video recordings (available from YouTube and Google Video Search (<http://video.google.com>).
- e. Other online media.

IMPORTANT NOTE: The purpose here is not to find advertisements or other marketer generated materials.

You should focus on finding *material generated by consumers*. You can, however, show ads to demonstrate how consumer generated material *differs* from firm generated advertisements

4. Discuss the possible motives of the consumers generating the material in question (e.g., genuine desire to help others, wanting to look good, desire to promote a favorite brand, desire to present an alternative brand to the market leader, “blowing off steam,” show off creative talents more than dealing with substance per se, desire to entertain).
5. Identify the extent to which different people who create material on similar topics/brands either compete with each other or promote other people’s material.
6. Identify theme or issues identified. Note that photos and videos may be “staged” or sensationalized to some extent. Nevertheless, do these at least suggest certain underlying consumer motivations, emotions, and/or perceptions?
7. Identify implications for the marketing of the product or brand in question—e.g.,
 - a. Effective advertising messages (e.g., could a particular photo—with proper permissions—be used as an ad with a suitable caption?)
 - b. Issues for product design and or content (e.g., are there aspects enjoyed or aspects causing frustration apparent?)
 - c. Information that should be available for consumers on manufacturer web sites.
8. Prepare a brief report to the rest of the class (up to four minutes in length, including time spent on showing illustrations).

How Unilever's Brands Connect with Consumers

From soap to soup, Unilever [http://bi.galegroup.com/essentials/company/742170?u=tlearn_trl] markets a wide range of personal care products, foods, and household cleaners under popular brands like Dove, Bertolli, Lipton, Lux, Axe, Sunsilk, Surf, and Omo. Two billion consumers buy its products every day, adding up to annual revenue of \$62 billion. The Anglo-Dutch company constantly conducts research to learn more about what consumers want and need, identifying even seemingly small changes that can make a big difference in the daily lives of people worldwide.

One of the company's most memorable marketing initiatives has been Dove's "Campaign for Real Beauty." Based on extensive consumer research into women's attitudes and emotions, the campaign uses ads, YouTube [videos](https://www.youtube.com/watch?v=litXW91UauE) [<https://www.youtube.com/watch?v=litXW91UauE>], special events, and other communications to counter beauty stereotypes and make the point that real beauty is more than skin deep. By linking its soap brand to messages reinforcing positive self-esteem for women of all ages, races, sizes, and shapes, Dove has won the admiration and loyalty of consumers in many countries. For further insights into this campaign, read this *New York Times* [article](http://bi.galegroup.com/essentials/article/GALE|A326896384/232e7827241bf71ce86f1a47735e3ef1?u=tlearn_trl) [http://bi.galegroup.com/essentials/article/GALE|A326896384/232e7827241bf71ce86f1a47735e3ef1?u=tlearn_trl]

Unilever's Ragú food brand has been courting parents with [Facebook](https://www.facebook.com/ragusauce/) [<https://www.facebook.com/ragusauce/>] and [YouTube](https://www.youtube.com/watch?v=ChzUN_RvMeY) [https://www.youtube.com/watch?v=ChzUN_RvMeY] communications that encourage ongoing conversations with marketers and among its brand fans. For example, marketers recently used the brand's Facebook page (which has more than one million "likes") to start a dialogue about getting children to eat. Its Facebook fans responded with dozens of additional ideas, which Ragú's ad agency turned into helpful online videos that dish up tips with a sense of humor. Heavy use of social media is one way that Ragú aims to create an emotional connection with its customers and understand their ever-changing needs and interests.

Campaigns combining [Facebook](https://www.facebook.com/ragusauce/) [<https://www.facebook.com/ragusauce/>], [YouTube](https://www.youtube.com/watch?v=ChzUN_RvMeY) [https://www.youtube.com/watch?v=ChzUN_RvMeY], [Twitter](https://twitter.com/search?q=ragu&src=typd) [<https://twitter.com/search?q=ragu&src=typd>], and special websites have helped Unilever market its food and personal care brands to highly targeted segments such as Latino families in the United States. Unilever's www.vivemejor.com, the Spanish-language website, and Facebook page provide brand-oriented recipes, coupons, holiday ideas, household hints, and other information that Latino families can use. The company also holds *Disfruta la Pasión de la Vida* events outside supermarkets to attract and engage Latino consumers. In planning such events, the company turns to its Multicultural Consumer Marketing Insights research team for guidance.

Unilever is looking beyond immediate acquisition behavior to encourage healthy, environmentally sustainable behavior all over the world. Through research, it has determined that the first step is to help consumers understand why they should do something (such as wash with soap to prevent the spread of disease). The next step is to show them how easy it is to take action (buy bars of soap and use them). Then, they must make the new behavior desirable (washing can keep the family safe from germs). Next, it is important to make consumers feel good about doing this action (for themselves, their family, and society). Finally, find a way to continue the behavior over time (ask children to wash before every meal).

With these five steps, Unilever has convinced millions of consumers in developing countries to adopt the healthy habit of washing their hands—promoting the company’s Lifebuoy soap brand at the same time.

Unilever also sells laundry products in developing nations where water is a scarce resource, yet consumers are accustomed to rinsing clothes several times to get them clean. To address both consumer needs and environmental issues, CEO Paul Polman explains, “We’ve put products out in the market— fabric softeners—that only need one rinse.” Even then, “consumers were still doing two or three rinses, so we had to be very creative in educating them,” he says. Clearly, Unilever wants to build strong relationships with its customers by making sure its brands are down-to-earth and “real.”ⁱ

CASE QUESTIONS & ANSWERS

1. How is Unilever applying its understanding of internal consumer processes in the psychological core to market its products?

Responses will vary.

Unilever understands there are many important psychological processes consumers must go through during the acquisition, use, and disposal of offerings. By using market research, the company taps into specific aspects based on the particular product’s target audience. For many products, such as Lifebuoy soap, Unilever steps consumers through all of the psychological processes, from awareness to attitude change in order to acquire new customers and retain current users.

2. Which of the four external processes in the consumer’s culture do you think have been the most important to the success of Dove’s Campaign for Real Beauty? Why?

Responses will vary.

Values, personality, and lifestyle: Dove's campaign is based on market research into women's attitudes and emotions, which are closely tied to their values. The campaign highlights the value that "real beauty" is more than skin deep; sentiment women in their target audience value and believe is reflective of their personalities.

Reference groups and other social influences: Dove uses "real" women versus models with whom their consumers can because they are members of their reference group.

3. Do you agree with Unilever’s decision to link its brands with efforts to encourage healthy and environmentally sustainable behaviors? Explain your answer.

Responses will vary.

Linking brands to healthy and sustainable behaviors helps Unilever create an emotional connection with its customers because they perceive the company cares about more than just profit.

ⁱ “Unilever Ramps Up Hispanic Marketing,” *Media Post*, April 2, 2012, www.mediapost.com; Anna Maria Virzi, “How Unilever Connects with Hispanics on Facebook,” *ClickZ*, February 28, 2012, www.clickz.com; Louise Lucas, “Changing Lives,” *Financial Times*, March 20, 2012, www.ft.com; Louise Jack, “Unilever CEO Paul Polman on the Packaged Goods Giant’s Creative Shift,” *Fast Company*, January 12, 2012, www.fastcocreate.com; Ann-Christine Diaz, “Behind the work: Ragu and BFG9000’s Tips for

Finicky Eaters," *Advertising Age*, March 20, 2012, www.adage.com; and Ekaterina Walter, "Marketing to Women," *Fast Company*, March 19, 2012, www.fastcompany.com.

Swatch Makes Time for Luxury

From plastic to platinum—the wristwatch company known for fun fashion accessories is now focusing on the watch as a status symbol. When Switzerland-based [Swatch Group](http://bi.galegroup.com/essentials/company/115?u=tlearn_trl) [http://bi.galegroup.com/essentials/company/115?u=tlearn_trl] was founded in 1983, popularly priced quartz watches made by Japanese firms had taken considerable market share from traditional Swiss watch brands. Swatch's bold idea for recapturing share was to combine colorful cases, bands, and faces into eye-catching watches that were functional, affordable, and fashionable. The company began introducing an ever-changing array of new models, which helped consumers begin to think about wristwatches as both trendy and collectible. It also decided to restrict some models to certain geographic areas. This encouraged consumers to be on the lookout for new Swatches when traveling and to snap up models not sold in stores at home.

The idea of building a wardrobe of watches caught on. Consumers—particularly women—quickly became accustomed to buying Swatch watches as they would any fashion accessory, on impulse or to match particular outfits. Showing off new and unusual Swatch models—especially those not locally available—became another way to express individuality and status. Soon Swatch's success attracted the attention of rivals that entered the market with a wide range of inexpensive watches for everyday wear.

To avoid the profit-sapping problems of this intense competition, Swatch made another bold decision. Without abandoning its basic \$35 Swatch models, the company started acquiring established quality brands such as Omega and Hamilton. It also bought super-luxury brands such as Breguet, which offers hand-made, limited-edition watches priced as high as \$500,000. The posh image of these brands brought a new dimension to Swatch's corporate reputation and new possibilities for marketing more watches to more segments.

Now the company can cater to buyers seeking an extraordinary piece of jewelry for themselves or to give as a special gift—buyers for whom price is a secondary consideration. Swatch's high-end brands can also satisfy the needs of wealthy consumers who get in a buying mood while on vacation and choose fancy watches in exclusive boutiques or airport duty-free shops. Knowing that more luxury watches are sold to men than to women, Swatch has also partnered with the Tiffany jewelry retail chain to design and market high-quality women's watches as fashion accessories.

To connect with customers beyond the purchase of a single wristwatch and strengthen brand loyalty, Swatch has been using a variety of marketing communications. Its luxury brand ads appear in magazines geared to high-income consumers. It publishes *Voice*, a twice-yearly lifestyle magazine, to inform customers about fashion trends, special Swatch events, new product news, and more. Its online newsletter keeps customers updated on the latest styles and trends. On the Swatch website, enthusiasts can click to join the Swatch club and gain access to members-only products, contests, collectible watches, blogs, photos, and videos. In addition, Swatch mounts special events for customers all over the world, such as a beach-theme party in Austria and a weekend pirate-theme cruise in Turkey.

Thanks to its portfolio of more than a dozen brands and a global chain of 600 stores, Swatch has become the world's leading watch marketer. Its annual sales have risen to \$5 billion, despite mixed global economic conditions. In fact, luxury watches now account for more than half of Swatch's profits, and the company is readying more fine-jewelry accessories under its status-symbol brands. Still, competition

from high-end brands such as Patek Philippe, Piaget, Cartier, and Bulgari has become more intense over the years. Will Swatch continue to thrive in such a highly pressured environment? Only time will tell.ⁱ

CASE QUESTIONS & ANSWERS

1. What role does the consumer's culture seem to be playing in Swatch's marketing strategy?

ANS: Responses will vary.

REJ: A consumer's culture refers to the typical or expected behaviors, norms and ideas that characterize a group of people. As a watch is a product that is used publicly, it often becomes an emblem of the groups to which a consumer belongs. In the case of the original inexpensive and trendy Swatch watches, consumers were able to purchase more than one to express their individuality and status. The watches become a part of the consumer culture as a fashion accessory rather than merely a functional timepiece.

Swatch made the decision to appeal to other market segments by purchasing quality brands including Omega and Hamilton, as well as the super luxury brand, Breguet. While most consumers could only afford to buy one quality watch, it was still an emblem of the consumer's culture, social class and status. The more expensive watches are a signal of prestige. Swatch has realized that different groups of consumers buy watches for different reasons. They now provide brand options for many consumer segments.

2. Explain, in terms of internal consumer processes, why Swatch puts so much emphasis on marketing communications.

Responses will vary.

Swatch uses extensive marketing communications to develop relationships with its consumers and to increase brand loyalty. This strengthens consumers' connection to the brand.

Motivation, Ability and Opportunity: Swatch increases consumers' motivation, ability and opportunity to process information about the brand by making it fun, informative and easy through its lifestyle magazine and its online newsletter.

Exposure, Attention and Perception: Swatch places its advertising in vehicles where its target markets will be exposed to those communications. For example, Swatch's luxury brands are advertised in magazines that appeal to consumers from upper social classes. By encouraging the consumer to interact with the brand through contests, blogging, and parties, the company is increasing the attention that the consumer will pay to the brand. Also, positive perceptions are increased by the relationships being fostered by IMC strategies.

Categorizing and Comprehending Information: Swatch ensures that its brands are categorized correctly by consumers, by appropriately fitting the brand image to the type of marketing communications being used.

Forming and Changing Attitudes: Swatch associates its brand with fun and/or prestige. Swatch's use of marketing communications is consistent with these consumer attitudes. For example, advertising in high-end magazines reinforces consumer attitudes that a brand is expensive and luxurious.

Forming and Retrieving Memories: Extensive use of a variety of marketing communications makes it easy for consumers to include the brand in their consideration sets when buying a watch.

3. Under what circumstances would the decision to buy a Swatch watch be a high-effort decision? A low-effort decision?

Responses will vary.

The purchase of a watch might be a high-effort decision for a variety of reasons. First, if the watch was expensive, the consumer would perceive some financial risk if the wrong decision was made. As a watch may be a symbol of the consumer's self-identity, both social and psychological risk may be associated with the purchase. In addition, the consumer may be involved with the purchase in that he/she collects Swatches.

However, if the watch is inexpensive, the decision to purchase it may be low effort. The consumer may own a whole wardrobe of watches, and thus the purchase of any one watch does not pose much perceived risk. In addition, the consumer may not be involved in the watch purchase. He /she may not care if the watch is fashionable or prestigious. Thee consumer may simply want a functional watch that will keep time accurately.

ⁱ "Swatch Group Sales Up 18 Percent," *National Jeweler*, January 18, 2008, n.p.; Jennifer Fishbein, "An Uptick for Swatch on Tiffany Deal," *BusinessWeek Online*, December 7, 2007, www.businessweek.com; Ed Taylor, "Luxe Lines Drive Swatch Gains," *Wall Street Journal*, August 25, 2004, p. B3; Lorna Strickland, "Time Trials," *Duty-Free International*, October 15, 2004, pp. 190+; Barbara Green, "Watch Retailers Gear Up for Graduation," *National Jeweler*, March 16, 2004, p. 10.