

Solutions Manual for Consumer Behavior 14th Solomon

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Chapter 1:

BUYING, HAVING, AND BEING: AN INTRODUCTION TO CONSUMER BEHAVIOR

CHAPTER OBJECTIVES

When students finish this chapter, they should be able to:

- 1-1. Summarize how the consumption of goods, services, experiences, and ideas is a major part of our lives.
- 1-2. Identify and discuss the technological and sociocultural trends that require constant monitoring to understand consumer behavior.
- 1-3. Explain how consumption both contributes to the world's problems and provides solutions.
- 1-4. Describe how many disciplines and perspectives inform our understanding of consumer behavior.

CHAPTER SUMMARY

Summarize how the consumption of goods, services, experiences, and ideas is a major part of our lives.

Consumer behavior is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires and to define and express their identities. The items we consume include anything from canned peas to a massage, democracy, Juicy jeans, a virtual reality experience, K-pop music, or a celebrity like Taylor Swift. The needs and desires we satisfy range from hunger and thirst to love, status, and even spiritual fulfillment. Consumption refers to all facets of the consumer behavior process, which includes how we observe and make sense of the world around us, how we choose and purchase things, and how we use consumption to communicate our identity and our sense of self in society.

One of the fundamental premises of the modern field of consumer behavior is that people buy products not for what they do but for what they mean. This principle does not imply that a product's basic function is unimportant but rather that the roles products (and services) play in our lives extend well beyond the tasks they perform. Our consumption choices help us define our identity. Identity is a multilayered concept that involves our personal self and our social self.

Identify and discuss the technological and sociocultural trends that require constant monitoring to understand consumer behavior.

There's little doubt that the digital revolution is one of the most significant influences on consumer behavior, and the impact of the internet will continue to expand as more and more people around the world log in. Communications no longer just flow top-down from companies and established media to passive recipients (consumers). Today, they also flow across regular users. Social media refers to the online means of communication, conveyance, collaboration, and cultivation among interconnected and interdependent networks of people, communities, and organizations enhanced by technological capabilities and mobility. Every day the influence of social media expands as more people join online communities. As part of our online activity, we are all generating massive amounts of information that hold tremendous value for marketers, especially as our devices

increasingly connect to one another as part of the Internet of Things (IoT). The collection and analysis of extremely large datasets is called Big Data. This data explosion is profoundly changing the way we think about consumer behavior. Companies, nonprofits, political parties, and even governments sift through massive quantities of information that enable them to make precise predictions about what products we will buy, what charities we will donate to, what candidates we will vote for, and what levers they need to push to make this even more likely to happen. The metaverse describes an environment we will very possibly inhabit in the near future, where activities in the physical and digital worlds are integrated into an immersive user experience. Increasingly the content we encounter is from brands that have become a part of global culture. Understanding consumer behavior means staying on top of consumer trends. Important trends include the sharing economy, diversity and multiculturalism, authenticity, and sustainability.

Explain how consumption both contributes to the world's problems and provides solutions.

Many critics argue that consumption is the source of many of the world's problems: growing mental and physical health problems, climate change, addiction, and other issues that threaten our quality of life as individuals and as a society. They claim that modern marketing practices make these problems worse because they create unhealthy needs that people then try to satisfy. It's just as easy to argue that consumption can also be the source of solutions to a better world. A greener planet will require that consumers make better, more environmentally sound choices. Solving the housing crisis will likely involve creative solutions to home ownership and a greater variety of housing options.

For businesses also, responsible marketing is about merging consumer centricity, a focus on meeting consumers' needs, with making a positive impact on our communities—both in the small sense (local communities) and in the broad sense (our planet).

Describe how many disciplines and perspectives inform our understanding of consumer behavior.

Many different perspectives shape the field of consumer research. You can find people with training in a wide range of disciplines—from neuroscience to anthropology—doing consumer research. Universities, manufacturers, museums, advertising agencies, and governments employ consumer researchers.

CHAPTER OUTLINE

I. Consumer Behavior: People in the Marketplace

A. What Is Consumer Behavior?

Consumer behavior is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires to define and express their identities.

a. Consumption Is a Process.

a. Consumer behavior is an ongoing process, not merely what happens at the moment a consumer hands over money or a credit card and in turn receives some good or service.

b. **Consumption** refers to all facets of the consumer behavior process, which include how we observe and make sense of the world around us, how we

choose and purchase things, and how we use consumption to communicate our identity and our sense of self in society.

b. What Does It Mean to Consume?

- a. People buy products not for what they do, but what they mean. The roles products (and services) play in our lives extend well beyond the tasks they perform. All things being equal, we choose the brand that has an image consistent with our underlying needs and desires and aligned with our identity.
- b. **Identity** is a multilayered concept that involves our personal self and our social self.

B. A Branded World

A **brand** enables consumers to identify a particular company, product, or individual. It uses identifying markers to tell potential buyers not only what it does but also what it means and perhaps even the cultural values it stands for.

C. Understanding Consumers Is Good Business

- a. The bottom line for managers, advertisers, and other marketing professionals: Understanding consumer behavior is good business. Organizations exist to satisfy needs, and marketers can satisfy these needs only to the extent that they understand the people or organizations that will use the products and services they sell.
- b. Successful companies understand that needs are a moving target.

Use Chapter Objective 1-1 Here

Use Key Terms consumer behavior, consumption, identity, and brand Here

Use Review Questions 1-1 and 1-5 Here

Use Consumer Behavior Challenge 1-12, 1-13, and 1-14 Here

II. Consumers, Society, and Technology: A Moving Target

The United Nations defines a **megacity** as a metropolitan area with a total population of more than 10 million people. It is estimated that by 2030, three out of five people will live in cities.

A. Social Media: The Horizontal Revolution

- a. Word of mouth has always been a major force, but the explosion of social media takes “word of mouth” to a whole new level because it has created a **horizontal revolution**: Communications no longer just flow top-down from companies and established media to passive recipients (consumers). Today, they also flow across regular users.
- b. **Social media** refers to the online means of communication, conveyance, collaboration, and cultivation among interconnected and interdependent networks of people, communities, and organizations enhanced by technological capabilities and mobility. Today, some people wear tiny cameras that allow them to create a **lifelog** of every event experienced throughout the day.
- c. The term **digital native** originated in 2001 to explain a new type of student. These consumers grew up “wired” in a highly networked, always-on world. They did not know a world without digital technology.

B. Artificial Intelligence and the Metaverse

- a. The **Internet of Things (IoT)** refers to the growing network of interconnected devices embedded in objects that speak to one another.
- b. **Autonomous vehicles** (self-driving cars) and “smart home” products are examples of IoT.
- c. We are witnessing a revolution in **M2M (machine-to-machine)** communication.
- d. **Artificial intelligence (AI)** applications continuously improve through **machine learning** (such as Siri and Alexa).
- C. “Big Data” and Data Analytics
 - a. We are all generating massive amounts of information that hold tremendous value for marketers.
 - b. The collection and analysis of extremely large datasets is called **Big Data**.
 - c. In addition to the huge volume of information marketers now must play with, its velocity (speed) also enables companies to make decisions in real-time that used to take months or years.
- D. Welcome to the Metaverse!
 - a. Most definitions of the **metaverse** center on these elements:
 - a. It exists in the physical world, but it also involves immersive environments.
 - b. It’s “always on” and operates in real-time.
 - c. It’s built on a virtual economy, including **nonfungible tokens (NFTs)**, which are digital assets with unique identification codes and metadata that distinguish them from one another.
 - d. It allows people to possess virtual identities that don’t necessarily correspond to who they are in real life.
- E. Globalization of Brands and Cultural Practices
 - a. In this world of increasing global mobility, two countervailing forces drive consumer behavior: the desire to belong and the drive for **cultural distinctiveness**, the feeling of being different and separated from the surrounding cultural environment. On the one end, consumers have a natural **in-group bias**: They prefer culturally related brands that meet their desire to connect with “home” and their home culture. But on the other end, consumers can feel a sense of cultural distinctiveness that drives them to seek out brands that represent other cultural groups.
- F. Proactive Consumers and User-Generated Content

Probably the biggest phenomenon of the 21st century is the degree to which consumers want organizations to market with them rather than market to them.

 - 1.UGC Rules!
 - a. **User-generated content**, where everyday people film commercials, voice their opinions about products, brands, and companies on blogs, podcasts, and social networking sites, is part of the **Web 2.0** era, which shifted the Internet from a one-way transmission medium to a social, interactive medium.
 - 2. Consumer Creation in the Transmedia Environment
 - a. An important development in the consumer ecosystem is the shift from traditional media to the more integrated system called **transmedia**, which refers to the web of media from traditional media platforms, like magazines and television, to more novel and emergent ones, like digital media, video games, and the metaverse.
 - b. Transmedia challenges traditional views of **popular culture** – the music, movies,

sports, books, celebrities, and other forms of entertainment that the mass market produces and consumes – because we can access these forms of entertainment in so many ways and in so many forms.

- c. Marketing messages are communicated synchronously through transmedia in the form of **transmedia storytelling**, which refers to telling a story across multiple platforms and formats. Consumers access brand and marketing messages synchronously across transmedia, and this variety of **contact points** allows them to engage with content in such a variety of ways that it amounts to a make-your-own-journey.

G. Consumer Trends: Keeping Up with the Culture That Won't Stand Still

1. **Consumer trends** refers to the underlying values that drive consumers toward certain products/services and away from others.
2. A brand that aligns with a dominant value stands a much better chance of success.
3. Important trends that will impact marketing strategies in the near future include:
 - a. Sharing economy
 - b. Authenticity and personalization
 - c. Blurring of gender roles
 - d. Diversity and multiculturalism
 - e. Social shopping
 - f. Income inequality
 - g. Healthy and ethical living
 - h. Simplification
 - i. Interconnection and the IoT
 - j. Anonymity

Use Chapter Objective 1-2 Here

Use Key Terms megacity, revolution, social media, lifelog, digital native, the Internet of Things, autonomous vehicle, machine-to-machine, artificial intelligence, machine learning, Big Data, metaverse, nonfungible tokens (NFTs), cultural distinctiveness, in-group bias, user-generated content, Web 2.0, transmedia, popular culture, transmedia storytelling, contact points, and consumer trends Here

Use Review Questions 1-2 and 1-3 Here

Use Consumer Behavior Challenge 1-6, 1-10, and 1-15 Here

III. Consumption: From Problem to Solution?

A. What Do We Need – Really?

- a. A survey found that happiness is linked to satisfying wants and needs, whereas meaningfulness relates to activities that express oneself and impact others in a positive way. The distinction between a “happy” and a “meaningful” life brings up an important question: What is the difference between needing something and wanting it?

- b. A **need** is something a person must have to live or achieve a goal.
- c. A **want** is a specific manifestation of a need that personal and cultural factors determine.
- B. Toward Responsible Consumption and Responsible Business
 - a. **Responsible marketing** is about merging **consumer centricity**, a focus on meeting consumers' needs, with making a positive impact on our communities – both in the small sense (local communities) and in the broad sense (our planet).

Use Chapter Objective 1-3 Here

Use Key Terms need, want, responsible marketing, and consumer centricity

Here

Use Consumer Behavior Challenges 1-7, 1-8, 1-9, and 1-11 Here

IV. Multiple Perspectives on the Study of Consumer Behavior

A. What Disciplines Study Consumer Behavior?

Many different perspectives shape the field of consumer research.

a. A Micro Focus

On the micro side, we find researchers who understand the brain and its inherent processes. Foundation for these perspectives come from the following disciplines:

- a. **Cognitive psychology**: This discipline focuses on the study of internal mental processes.
- b. **Neuroscience**: This discipline focuses more deeply inside the brain and nervous system.
- c. **Judgment and decision making (JDM)**: This discipline studies all the complexities of human judgments and decisions.
- d. **Behavioral economics**: This branch of economics extends from classical and neoclassical economics and integrates insights from psychology.
- e. **Social psychology**: This branch of psychology focuses on the social factors that affect individual or group behavior.

b. A Macro Focus

On the macro side, we find researchers who regard consumption from a social and cultural point of view, drawing on sociology and anthropology.

- a. **Sociology**: This discipline focuses on the study of group behavior.
- b. **Anthropology**: This discipline comparatively examines culture, society, and human differences from the perspective of the individual embedded in a collective.

Other disciplines that inform consumer research include:

- c. **Semiotics and literary criticism**: Semiotics, the study of meanings and symbols, and literary criticism, the systematic and organized analysis and evaluation of texts, offer tools to deconstruct and extract the meanings inside ads, social media posts, and even entire marketing campaigns.
- d. **Computer science**: Computer science is the study of computers and computational systems to understand consumer behavior.
- e. **History**: This discipline studies the past and critically examines these source materials to assess consumption trends over time and the factors that shape

them.

B. Where Do We Find Consumer Researchers?

- a. Just about anywhere we find consumers, we are likely to find consumer researchers. They work for manufacturers, retailers, marketing research firms, governments, nonprofit organizations, and colleges and universities.

C. The Philosophy of this Book

Understanding complex real-world consumption phenomena requires a plurality of methods and theoretical approaches – and hence the multidisciplinary nature of the study of consumer behavior.

Insights from multiple **paradigms**, which refer to ways of thinking about and studying a phenomenon are woven into insights in each chapter.

Use Chapter Objective 1-4 Here

Use Key Terms cognitive psychology, neuroscience, judgment and decision making (JDM), behavioral economics, social psychology, sociology, anthropology, semiotics and literary criticism, computer science, history, and paradigms Here

Use Review Question 1-4 Here

End-of-Chapter Support Material

REVIEW QUESTIONS

- 1-1. Provide a definition of consumer behavior.

It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires to define and express their identities. (1 minute, Chapter Objective 1-1, AACSB: Application of Knowledge)

- 1-2. What is “Big Data”?

Big data refers to the collection and analysis of extremely large datasets. For example, Macy’s used GPS phone signals from Macy’s parking lots on Black Friday to estimate whether the department store would meet its sales projections for that day. (1 minute, Chapter Objective 1-2, AACSB: Information Technology)

- 1-3. What is popular culture, and how does this concept relate to marketing and consumer behavior?

Popular culture, consisting of the music, movies, sports, books, celebrities, and other forms of entertainment consumed by the mass market, is both a product of and an inspiration for marketers. Our lives are also affected in more far-reaching ways, ranging from how we acknowledge cultural events such as marriage, death, or holidays to how we view social issues such as air pollution, gambling, and addictions. (1 minute, Chapter Objective 1-2, AACSB: Reflective Thinking)

- 1-4. Name two different disciplines that study consumer behavior. How would their approaches to the same issue differ?

Two disciplines that study consumer behavior are cognitive psychology and sociology. Cognitive psychologists study consumer behavior from a mental / brain information processing perspective while sociologists study consumer behavior from a group behavior perspective. (1.5 minutes, Chapter Objective 1-4, AACSB: Application of Knowledge)

- 1-5. This chapter states “people often buy products not for what they do but for what they mean.” Explain the meaning of this statement and provide an example.

The roles products (and services) play in our lives extend well beyond the tasks they perform. All things being equal, we choose the brand that has an image consistent with our underlying needs and desires and aligned with our identity. One example of this is Peeps candy. These marshmallow products have no nutritional value but have a group of devotees that use Peeps in decorations, slide shows, and sculptures. The Peeps brand has created nostalgic attachment as this brand has an image or personality consistent with the underlying needs of the consumer. (5 minutes, Chapter Objective 1-1, AACSB: Reflective Thinking)

CONSUMER BEHAVIOR CHALLENGE

Discuss

- 1-6. As consumers increasingly interact with one another in digital form, what are the ramifications for real-world human relationships?

This question is one students should find most interesting. The impacts on human relationships are truly unknown at this point; however, one could speculate that such digital interactions could lead to a decline in traditional human interactions, as humans become accustomed to new digital relationships. Students might explore why employers have warned of a lack of human skills in digital natives. Psychologists have also voiced concerns about the impact of digital relationships. Conversely, digital relationships may have a positive impact on human relationships if humans come to realize potential emotional shortcomings of some digital interactions. (5 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

- 1-7. What aspects of consumer behavior would interest a financial planner? A university administrator? A graphic arts designer? A social worker in a government agency? A nursing instructor?

The listing of the aspects of consumer behavior corresponding to these positions should reflect the particular aspects of each position. For example, a financial planner depends on consumers' willingness to postpone consumption in order to save and invest money to have more later. A social worker must be concerned about people's attitudes toward government, social work in general, and the role of government in people's lives. What each of these positions share, and what should underlie the discussion, is their connection to the consumption process and the fact that consumers themselves will have different needs and wants associated with their consumption. Each of the listed parties would attempt to influence consumers by using a different aspect of consumption, and these differences need to be discussed and analyzed. (7 minutes, Chapter Objective 1-3, AACSB: Application of Knowledge and Reflective Thinking)

- 1-8. Critics of targeted marketing strategies argue that this practice is discriminatory and unfair, especially if such a strategy encourages a group of people to buy a product that may be injurious to them or that they cannot afford. For example, community leaders in largely minority neighborhoods have staged protests against billboards promoting beer or cigarettes in these areas. However, the Association of National Advertisers argues that banning targeted marketing constitutes censorship and thus is a violation of the First Amendment. What are your views regarding this issue?

It is important to guide discussion to the legitimate interests on both sides. In this situation, however, the discussion should also examine the legitimacy of each side's basic point. For what groups should target marketing not be allowed? On the other hand, under what specific circumstances should target marketing be allowed? Is the argument that target marketing unduly influences those who cannot resist its appeal reasonable? Is the counterargument that banishing target marketing amounts to censorship and is unconstitutional equally specious? Discussion should initially focus on the validity of each argument and then evolve toward a compromise that will protect target-marketing efforts while recognizing the needs of society. (5 minutes, Chapter Objective 1-3, AACSB: Ethical Understanding and Reasoning)

- 1-9. The chapter discussed a study that compared and contrasted people who lead "happy" lives versus those with "meaningful" lives. How does this distinction relate to the way you decide to spend your time and money? How does it relate to consumer behavior more generally?

Students should be able to differentiate between a want and a need. The discussion should identify how meaningfulness relates to activities that express personality and impact others in a positive way. Discussion should identify those who pursue happiness over meaningfulness as being takers rather than givers, and that they are more likely to think in the present instead of the past or future. Those who pursue meaningfulness would indicate the opposite. Worry, stress, and anxiety might also be associated with those who pursue happiness. (5 minutes, Chapter Objective 1-3, AACSB: Reflective thinking and application)

of knowledge)

- 1-10. A book bemoans the new wave of consumer-generated content, labeling it “the cult of the amateur.” It compares the social networking phenomenon to the old story about the monkeys: If you put an infinite number of monkeys in a room with an infinite number of typewriters, eventually they will (by hitting keys randomly) reproduce all the major works of literature. In other words, the large majority of user-generated content is at about the same level, and the future of professionally produced, quality work is in doubt. Do you agree or disagree with this assertion?

Students who are members of a social networking community or those who actively blog, might strongly defend the practice and might be offended by the monkey reference. Even though they might agree that there are many sites with ramblings, rants, and raves, they might also point out serious sites where user-generated content is thought provoking. They might also mention instances where blogs check facts when the traditional media fails to do so. An example of this was a blogger proving that documents used by CBS News to discredit President Bush were forgeries.

Some students might also mention that not all “professionally produced” work can be labeled as “quality” work. Either students or the instructor could provide examples. It might also be beneficial to briefly discuss what “quality” means, who judges quality, and if this is a classic bias against the “new” by the older generation who prefers the traditional. (7 minutes, Chapter Objective 1-2, AACSB: Analytical Thinking)

- 1-11. A few years ago a publicity campaign for a late-night cartoon show backfired when it aroused fears of a terrorist attack and temporarily shut down the city of Boston. The effort consisted of one-foot-tall blinking electronic signs with hanging wires and batteries that marketers used to promote the Cartoon Network TV show *Aqua Teen Hunger Force* (a surreal series about a talking milkshake, a box of fries, and a meatball). The signs were placed on bridges and in other high-profile spots in several US cities. Most depicted a boxy, cartoon character giving passersby the finger. The bomb squads and other police personnel required to investigate the mysterious boxes cost the city of Boston more than \$500,000—and a lot of frayed nerves. Is there a line between attention-getting publicity stunts and activities that should be illegal or forbidden?

This question should generate quite a discussion among students as they debate the limits they believe to be acceptable in gaining attention. Students might discuss responsible marketing and making a positive impact. The question becomes one of the greater good – Is it enough for a company to do whatever it can to promote a product, OR is there a greater good to consider, in this case the unfortunate frayed nerves of a city? (5 minutes, Chapter Objective 1-3, AACSB: Reflective Thinking)

- 1-12. List the facets of the consumer behavior process referred to in consumption. Describe the issues that you considered in each of these facets when you made a recent important purchase.

Consumption refers to all facets of the consumer behavior process, which include how we observe and make sense of the world around us, how we choose and purchase things, and how we use consumption to communicate our identity and our sense of self in society. Individual student responses will vary. (15 Minutes, Chapter Objective 1-1, AACSB: Reflective Thinking)

- 1-13. This chapter states that people play different roles and that their consumption behaviors may differ depending on the particular role they are playing. State whether you agree or disagree with this statement, giving examples from your personal life. Try to construct a “stage set” for a role you play, specifying the props, costumes, and script that you use to play a role (e.g. job interviewee, conscientious student, party animal).

Our consumption choices help us define our identity. Identity is a multilayered concept that involves our personal self and our social self. (20 Minutes, Chapter Objective 1-1, AACSB: Reflective Thinking)

Apply

- 1-14. Talk to car owners and probe to see what (if any) relationships they have with their vehicles. How are these relationships acted on? (Hint: see if any of the respondents give their cars a nickname, or if they “decorate” them with personal items.) To give you some additional insight, check out a YouTube video called *I Love My Car!* that originally aired on the TV show *My Strange Addiction*.

All things being equal, we choose the brand that has an image (or even a personality) consistent with our underlying needs and desires and aligned with our identity. The way we feel about ourselves and the things we like to do in our spare time all help to determine which products will push our buttons and even those that will make us feel better. They should also attempt to show how the consumption patterns that they engage in with their cars reflect these differences. (5 minutes, Chapter Objective 1-1, AACSB: Analytical Thinking and Reflective Thinking)

- 1-15. The specific way we choose to satisfy a need depends on our unique history, learning experiences, and cultural environment. For example, two classmates may feel their stomachs rumble during a lunchtime lecture. If neither person has eaten since the night before, the strength of their respective needs (hunger) would be about the same. However, the way each person goes about satisfying his need might be quite different. Conduct this exercise with classmates: “As you probably know, a prisoner who is sentenced to die traditionally gets to choose his or her ‘last meal’ . If you had to do this (let’s hope not), describe your last meal in detail.” Compare the responses you get, especially among people from different ethnic or cultural backgrounds. What similarities and differences emerge?

Student reports should attempt to show choices vary by ethnic and cultural backgrounds. (5 minutes, Chapter Objectives 1-1 and 1-2, AACSB: Analytical Thinking and Reflective Thinking)

CASE STUDY TEACHING NOTES

Alexa -- What is Consumer Behavior?

Summary of Case

Amazon's smart speaker Alexa becomes a factor in consumer decision making through its product recommendation capability. As the use of Alexa and similar products becomes more pervasive, compatibility with these systems' algorithms may become more important than brand positioning.

Suggestions for Presentation

It is suggested that this case be presented with the content related to technology and consumer behavior in the chapter ("The Global 'Always-On' Consumer").

Suggested Answers for Discussion Questions

- CS 1-1. Choose two of your favorite brands and devise an idea for an Alexa "skill" that consumers could find useful. How would these skills help sell more of the brands' products and/or increase customer loyalty?

Many brands could be targets for Alexa skills that provide ideas for uses of the brand's products or help customers solve problems the brands' products are designed to address. Examples: Nike (exercise routines), Miracle Grow (gardening tips), Axe (grooming tips). The skills could increase sales by increasing consumer satisfaction and/or increasing usage through suggestions of additional use situations.

(10 - 12 minutes, Chapter Objectives 1 & 3, AACSB: Reflective Thinking)

- CS 1-2. How can brands remain relevant in the Age of Alexa? What strategies should brand managers employ to continue to influence consumer purchase decisions if consumers become more reliant on AI assistants?

Brands will need a deep understanding of the algorithms used by Alexa and similar tools for making product recommendations. With that knowledge, a brand can highlight key differentiating features in product descriptions. Advertising may become more focused on function than image. Brands may still be able to position based on image and less functional attributes, but they will have to try to reach consumers before they are at the point of asking Alexa for a recommendation. Some students may not be familiar with the term "positioning strategy," discussed in Chapter 3: The use of elements of the marketing mix (i.e., product design, price, distribution, and marketing communications) to influence the consumer's interpretation of its meaning in the marketplace relative to its competitors.

(10 - 12 minutes, Chapter Objective 2, AACSB: Analytical Thinking)

- CS 1-3. What kinds of products or brands will most likely be either negatively or positively affected by an increased use of AI assistants? Explain your answer.

Products that are currently sold based on imagery rather than functionality are the most vulnerable. Products for which consumers do not do extensive research before purchasing would more likely benefit from decisions made by Alexa algorithms. However, some consumers will look to Alexa for advice on even more expensive, shopping-oriented products.

(10-12 minutes, Chapter Objectives 2, AACSB: Reflective Thinking)

MULTIPLE CHOICE QUESTIONS

1. Amazon's Echo is an example of a consumer product that relies on _____.
- a. artificial intelligence
 - b. robotics
 - c. digital algorithms
 - d. big data
 - e. the Internet of Things

Correct response: a

Artificial intelligence (AI) is changing the marketing landscape by adding a new channel to push advertising, gather consumer preference data, and create brand loyalty.

2. As more people adopt AI technologies such as Amazon's Echo, we will likely see _____.
- a. an increase in the volume of big data collected about individual preferences
 - b. a decrease in the volume of big data collected about individual preferences
 - c. no change in the volume of big data collected about individual preferences since the Echo does not collect data
 - d. no change in the volume of big data collected since it is illegal to eavesdrop on individual households
 - e. a decrease in the demand for data analytics services

Correct response: a

These devices are listening in and collecting data on individual preferences. This will add to the volume of big data and increase the need for people with the skills to analyze this data.

3. Which of these groups is most likely to utilize a technology such as Alexa?
- a. Baby Boomers
 - b. Digital natives
 - c. Hispanics
 - d. Older consumers
 - e. Men

Correct response: b

Digital natives are those individuals who grew up with technology. They have always been

“wired” and have never experienced a world without hands-on, instant access to digital technologies.

4. Technologies such as Alexa and Siri rely on software to interact with consumers known as
- a. the Internet of Things
 - b. voice recognition
 - c. visual
 - d. lifelog software
 - e. robot companion

Correct response: b

Voice recognition software enables us to ask questions that Alexa can answer. Consumers can set up voice profiles so Alexa can recognize their individual speech patterns.

5. In the age of AI, promotion will likely be directed more to
- a. “pull” activities
 - b. image-oriented advertising
 - c. influencer advertising
 - d. “push” activities
 - e. personal selling

Correct response: d

“Push” activities are focused on the distribution channel, as compared to “pull” activities like traditional advertising that are focused on the consumer. Since Alexa is tightly connected to a distribution channel (Amazon), it is more likely that promotion focused on the requirements and idiosyncrasies of the channel will be more effective in the age of AI.

Additional Support Material

STUDENT PROJECTS

Individual Projects

1. Ask students about their involvement with social media sites and/or blogs. Ask them to explain why they are using them. What benefits do they derive from them? Who are the target audiences for their information? Have them explain their concerns about privacy, if any.

Student responses about their involvement with social networking sites and blogs will vary and can be used to generate discussion about how consumers influence one another through electronically mediated communications, to remind the class about the concepts (e.g. digital natives, virtual communities) and to connect how the web and the horizontal revolution are changing consumer behavior to students' personal experiences.
(7 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

2. This assignment can really be fun for the class and the presenter. Have a student wear or bring to class a recent clothes purchase. Have them explain how his or her purchase

decision was influenced by different economic, social, cultural, and/or psychological variables.

The individual responses to this activity will be as varied as the personalities of the students in your class, but it is a good opportunity to remind students about how consumers often consume products because of what they mean, not because of what they do. This assignment can also work well as a collage, where students use images of products to tell rest of the class about them (and may include products they currently use or aspire to use in the future). This project can also lead to the discussion of the connection of the products to the student's self-concept/identity and provide the student with the opportunity to explore the economic, social, cultural, and/or psychological variables that make the product desirable. (5 minutes, Chapter Objectives 1-1 and 1-4, AACSB: Reflective Thinking)

3. This activity can be done as an extension to or independent of assignment number 2. Have students explain why they chose the clothes they are wearing to class. Probe on this one. Was there any implied symbolism? Do all students seem to be dressed in a similar fashion? Why does this occur? Can marketers learn from this? Do marketers strategically contribute to this?

This activity is likely to generate some discussion about how consumers use clothing to identify themselves as part of a group (or distinguish themselves as not part of a group). You can give students the opportunity to make the connection between group influences and marketers' attempts to segment their target audiences. You may also direct students to consider the role of popular culture in their clothing choices. This activity provides an opportunity to remind students about the concept of economics of information, and to ask them how advertising and/or product placements contributed to their senses of style. (5 minutes, Chapter Objectives 1-1 and 1-2, AACSB: Reflective Thinking and Analytical Skills)

4. Assign students to teams to identify at least three instances where consumer social media has had an impact on the organization and/or popular culture. Examples may include such things as consumer tweets to a perceived unpopular decision by a business (for example photoshopping of models to make them appear 'perfect') or citizen social media blowback from perceived injustices by government (for example the ongoing immigration debates).

This activity provides students with the opportunity to recognize that just as marketers adapt to changing consumer needs, consumers now wield the power to influence not only marketers but governments and popular culture. (5 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

5. Ask students to consider their own consumption practices over the past decade. Have them list the ways that online consumption activities have replaced or modified their real-world consumption activities.

This activity asks students to reflect on their personal experiences with the internet and how those experiences affected offline consumption activities. It is a good opportunity to remind students about the availability of niche products, virtual communities, and consumer recommendations. It may also provide an opportunity to ask students about how their online consumption activities are tracked/monitored by marketers, and what value they receive in exchange for the loss of privacy. (10 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)

Group Projects

1. Have groups select a product of interest (e.g., a car, mp3 player, vacation spot, movie, sporting event, etc.). Have each person in the group make a list of what they consider to be the product's main attributes (both physical and psychological). Compare and contrast the attributes listed by the women and by the men to see how they may vary. Next, if there are any age or ethnic differences within the group, see if differences appear. Based on these differences formulate strategies for appealing to the various subgroups within your group.

The project gives students the opportunity to see whether preferences differ across demographic variables that marketers use to segment customers. The responses will vary depending on the product and the students. You can also ask students to consider how individual lifestyles affect the attributes of interest, which may help explain similarities across ethnic and age groups. Students are likely to think about the media they will use to appeal to different subgroups. Encourage them to think retail distribution, the messages they will use to communicate with their target audiences, the price, and the characteristics/features of the product they will use to appeal to the different subgroups. This will demonstrate how knowledge of consumer needs and wants relates to market strategy. (15-20 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge and Written and Oral Communication)

2. Have groups of students find an example of a recent product, service, or program that was a failure. *Fortune*, *U.S.A. Today*, the *Wall Street Journal*, *Forbes*, or some other marketing publications are excellent sources. Have students explain to the class how knowledge of consumer behavior, or the lack of it, could have contributed to the success or failure of the effort.

Similar to #2, the responses and reasons for failure will vary. The project should reinforce the idea that marketers need to have a thorough understanding of consumer behavior of their target audiences to understand how to meet their needs and wants. It can be related to the question of whether marketers create needs. Look for students to “diagnose” the reasons for failure in a way that goes beyond the surface clues in the article. It may be a good opportunity for students to explore other sources at the same time to look for additional clues (e.g. Census data, economic indicators, Lifestyle Analyst, profiles of competitors, etc.). (15-20

minutes, Chapter Objective 1-1, AACSB: Application of Knowledge)

ONLINE ASSIGNMENTS

Individual Assignments

1. Go to **www.rockstargames.com**. Click on the link for “games.” Select three different video games marketed by this company. Discuss both sides of an ethical debate for each. *This activity provides students with an opportunity to think not only think about what they consider right and wrong, but also to analyze the issue from the opposite perspective. Encourage students to try to support the debate from each side, rather than making one side obviously weaker so their preferred side is a clear winner. It is good practice for building arguments and thinking critically about issues.*
(20 minutes, Chapter Objectives 1-3 and 1-4, AACSB: Ethical Understanding and Reasoning)
2. Go to **www.aarp.org**. The American Association of Retired Persons is one of the largest lobbying and citizen action groups going today. Projections indicate that, as our nation ages, this organization will only get larger and more influential. After visiting this website, list five ways the organization is trying to influence corporate attitudes toward the older consuming public. What type of networks is the organization trying to build? How would database information from this group be useful to a marketer? *This activity provides students with an opportunity to get more familiar with the needs of a large and important demographic segment and shows an example of how one group is taking action to address those needs. It also provides an opportunity to revisit the concept of database marketing and why it is useful to marketers.*
(10-15 minutes, Chapter Objective 1-2, AACSB: Application of Knowledge)
3. Visit **www.alesyabags.com** and identify the factors used to segment the company’s target audience. How does the company use social media to engage its target audience? Given what you know about the target audience, do you feel Alesya Bags’ use of social media is effective or ineffective? Explain why. *Students should identify the company segments the target audience based on gender, age, occupation, income, and lifestyle. Students should also recognize the role of social media in the target segments’ lives and the role of engagement via social media tools in developing a lifestyle brand.*
(10-15 minutes, Chapter Objective 1-2, AACSB: Reflective Thinking)