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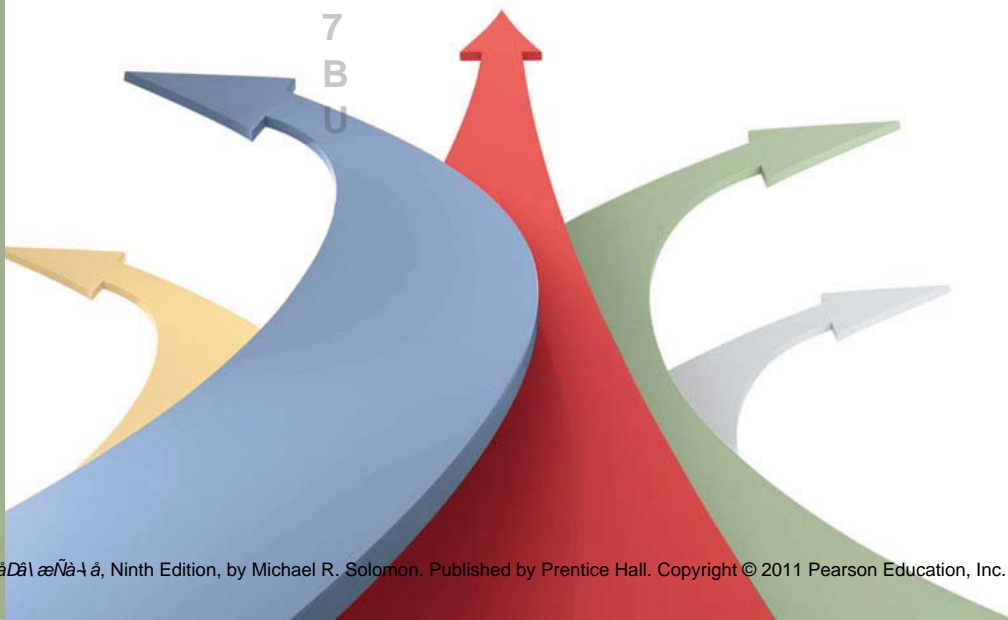
## Income and Social Class

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### Chapter Objectives

#### When you finish this chapter you will understand:

- 1 Why do both personal and social conditions influence how we spend our money?
- 2 How do we group consumers into social classes that say a lot about where they stand in society?
- 3 Why does a person's desire to make a statement about his social class, or the class to which he hopes to belong, influence the products he likes and dislikes?



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**F**inally, the big day has come! Phil is going home with Marilyn to meet her parents. He was doing some contracting work at the securities firm where Marilyn works, and it was love at first sight. Even though Phil attended the “School of Hard Knocks” on the streets of Brooklyn and Marilyn was fresh out of Princeton, somehow they knew they could work things out despite their vastly different backgrounds. Marilyn hinted that her family has money, but Phil doesn’t feel intimidated. After all, he knows plenty of guys from his old neighborhood who wheeled-and-dealed their way into six figures. He certainly can handle one more big shot in a silk suit who flashes a roll of bills and shows off his expensive modern furniture with mirrors and gadgets everywhere you look.

When they arrive at the family estate in Connecticut, Phil looks for a Rolls-Royce parked in the circular driveway, but he only sees a beat-up Jeep Cherokee, which must belong to one of the servants. Once inside, Phil is surprised by how simply the house is decorated and by how shabby everything seems. A faded Oriental rug covers the hall entryway and all of the furniture looks really old.

Phil is even more surprised when he meets Marilyn’s father, Mr. Caldwell. He had half expected him to be wearing a tuxedo and holding a large brandy snifter like the rich people he’s seen in the movies. In fact, Phil had put on his best shiny Italian suit in anticipation, and he wore his large cubic zirconium pinky ring so this guy would know that he had some money too. When Marilyn’s father emerges from his study wearing an old rumpled cardigan sweater and tennis sneakers, Phil realizes he’s definitely not one of those guys from the old neighborhood.

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## ECONsumer Behavior



In the current dismal economic climate we have to kick things off by acknowledging that recent changes in consumer spending—prompted by numerous factors including frozen credit markets and massive layoffs—almost overnight altered the landscape of consumer behavior. The “go go” years seem like a distant memory as many people suddenly put the brakes on their BUY NOW mentality. Since the 1980s (when we last experienced economic turbulence) Americans’ savings rate dropped steadily—it dipped to less than 1 percent in late 2008. In a few short months this rate rocketed to 5 percent as people cut back wherever they could. The new mantra: Make do with what you have. Save. Question every expense—do you really need that Starbucks latte, that \$80 haircut, that fashion magazine? Thriftiness is in, eye-popping bling is out. Even many fashionistas have turned into **frugalistas**—they refuse to sacrifice style but they achieve it on a budget. Now it’s cool to visit Web sites and blogs that celebrate frugality—like Dollar Stretcher ([stretcher.com](http://stretcher.com)), All Things Frugal ([allthingsfrugal.com](http://allthingsfrugal.com)), and Frugal Mom ([frugalmom.net](http://frugalmom.net)).<sup>1</sup>

Of course, it remains to be seen whether this new frugality will persist when the economy improves (and it will). Young consumers who have grown up with images of (if not actual) affluence and in-your-face bling may not be prepared to pull such an abrupt about-face. In one survey, 91 percent of young adults say they have financial goals, but only 53 percent stick to a monthly budget—and 42 percent give themselves a grade of D or F to describe how well they save.<sup>2</sup>

Contrary to popular wisdom, not everyone suffers in a recession—and consumers don’t uniformly cut back on their spending. Many of them just reallocate their priorities (and perhaps buy less on credit). For now, which companies will feel the pain and which will actually gain? A few years ago Citigroup strategists coined the term **plutonomy** to describe an economy that’s driven by a fairly small number of rich people. Taking a cue from the Standard & Poor’s 500-stock index, they created a “basket” of luxury stocks like Bulgari, Porsche, and Sotheby’s. Unfortunately many of those rich people are a lot less rich today—and luxury brands are hurting.

On the other hand another team of analysts created their own Poor Getting Poorer

### 1

#### OBJECTIVE

Why do both personal and social conditions influence how we spend our money?

## Consumer Spending and Economic Behavior

As Phil’s eye-opening experience at the Caldwells’ house suggests, there are many ways to spend money and there’s also a wide gulf between those who have it and those who don’t. Perhaps an equally wide gap 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 as we briefly consider how general economic conditions affect the way we allocate our money. Then, reflecting the adage that says “The rich are different,” we’ll explore how people who occupy different positions in society consume in very different ways.

### Income Patterns

A popular saying goes, “You can never be too thin or too rich.” Although conditions are tenuous now, overall the average American’s standard of living continues to improve—though many consumers don’t get a full ticket to The American Dream. Two factors contribute to an (overall) upward trajectory: a shift in women’s roles and increases in educational attainment.<sup>4</sup>

- Mothers with preschool children are the fastest-growing segment of working people. Furthermore, many of them work in high-paying occupations, such as medicine and architecture, which men used to dominate. Although women are still a minority in most professional occupations, their ranks continue to swell. The steady increase in the numbers of working women is a primary cause of the rapid growth of middle- and upper-income families.
- Education also determines who gets a bigger piece of the economic pie. Although picking up the tab for college often entails great sacrifice, it still pays off in the long run. College graduates earn about 50 percent more than those who have only gone through high school during the course of their lives. Women without high school diplomas earn only 40 percent as much as women who have a college degree.<sup>5</sup> So, hang in there!

### To Spend or Not to Spend, That Is the Question

Consumer demand for goods and services depends both on our ability and our willingness to buy. Whereas demand for necessities tends to be stable over time, we postpone or eliminate other expenditures if we don’t feel that now is a good time to spend money.<sup>6</sup> For example, you may decide to “make do” with your current clunker for another year rather than buy a new car right away. Even businesses like warehouse clubs that sell staples by the case feel the pain when shoppers postpone their purchases; stores like Costco and Sam’s Club post big losses when people no longer buy their discounted jewelry and clothing even though sales of paper towels and pickles hold steady.<sup>7</sup>

**Discretionary income** is the money available to a household over and above what it requires to have a comfortable standard of living. Economists estimate that American consumers wield about \$400 billion a year in discretionary spending power. People aged 35 to 55, whose incomes are at a peak, account for about half of this amount. As the population ages and income levels rise, the way a typical U.S. household spends its money changes. The most noticeable shift is to allocate a much larger share of its budget to shelter and transportation, and less to food and apparel. (Note: This doesn’t mean that higher income households buy less food and clothing—the *proportion* of dollars that goes toward these categories decreases.)

### Individual Attitudes Toward Money

Especially in the wake of the Great Recession of 2009, many consumers experience doubts about their individual and collective futures, and they are anxious to hold on to what they have. Of course, not everyone has the same attitudes about money and its importance. We all know **tightwads** who hate to part with every penny (and who actually experience emotional pain when they hand over their cash) and **spendthrifts** who enjoy nothing more than when they buy everything in sight. Research on this issue finds that (stereotypes aside), American tightwads outnumber spendthrifts. Men are more likely than women to be tightwads, as are older people and those with more education. How do we tell a tightwad from someone who's just being frugal? One of the researchers puts it this way: "The evidence suggests that frugality is driven by a pleasure of saving, as compared with tightwaddism, which is driven by a pain of paying."<sup>8</sup>

Wal-Mart conducted a year of intensive research on its customers to better understand how they think about money and brand names. The company now organizes its products around the shopper groups it identified, which Wal-Mart says represent the majority of its business. A separate team services each group across five so-called "power" product categories: food, entertainment, apparel, home goods and pharmacy.<sup>9</sup> The three groups are:

- 1 **Brand aspirationalists**—People with low incomes who are obsessed with names such as KitchenAid
- 2 **Price-sensitive affluents**—Wealthier shoppers who love deals
- 3 **Value-price shoppers**—Those who like low prices and cannot afford much more

Money has many complex psychological meanings; we equate it with success or failure, social acceptability, security, love, freedom and yes, even sex appeal.<sup>10</sup> There are therapists who specialize in treating money-related disorders, and they report that some people even feel guilty about their success and deliberately make bad investments to reduce this feeling! Some other clinical conditions include *atephobia* (fear of being ruined), *harpaxophobia* (fear of becoming a victim of robbers), *peniaphobia* (fear of poverty), and *aurophobia* (fear of gold).<sup>11</sup> A recent study that approached money as a *social resource* explored some interesting links between our need for acceptance and feelings about cash. In one case participants were either led to believe a group had rejected them or that it had accepted them. Then they completed a number of measures that reflected their desire for money. Those who the group rejected expressed a greater desire for money. At another stage subjects counted either real money or pieces of paper and then they experienced physical pain. Those who counted money reported they felt less pain than did those who just counted paper!<sup>12</sup>

### Consumer Confidence

The field of **behavioral economics**, or *economic psychology*, studies the "human" side of economic decisions (including the decision-making biases we learned about in Chapter 8). Beginning with the pioneering work of 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>13</sup>

Consumers' beliefs about what the future holds are an indicator of **consumer confidence**—this measure reflects how optimistic or pessimistic people are about the future health of the economy and how they predict they'll fare down the road. These beliefs are important because they influence how much money people pump into the economy when they make discretionary purchases.

Many businesses take forecasts about anticipated spending very seriously, and periodic surveys "take the pulse" of the American consumer. The Conference Board conducts a survey of consumer confidence, as does the Survey Research Center at

Index—this basket includes 22 stocks that include retailers, generic brands, repossession agencies, dollar stores, and pawnshops that prosper when others do worse. In a period when the S&P declined by 40 percent, this index actually generated a positive return of about 9 percent. Not everyone is hurting—as consumers downscale their eating habits, for example, fast-food chains like McDonald's pick up the surplus. People may not buy as many expensive concert tickets, but they still treat themselves to a movie—box office receipts are holding up well.

Finally, although people are a lot more conscious of price, it's not clear they've forsaken what was—before the recession hit—a growing emphasis on corporate social responsibility. In one global survey about seven in ten consumers said despite the recession they have given just as much—or more—time and money to causes they deem worthy and more than half still are prepared to pay more for a brand that supports a good cause. Nearly 8 in 10 U.S. consumers who say they are very anxious regarding their personal finances said they would switch to a brand that supports good causes. As an aside, marketers have their work cut out for them if they want to earn brand loyalty and do good at the same time: Only one-third of the respondents worldwide said they were aware of *any* brand that supports a good cause!<sup>3</sup>



## CB AS I LIVE IT

**Dominique Dallas**, *University of Tennessee, Knoxville*

As I roll over and rub sleep from my eyes, I realize it is another morning. My roommate is rather quiet and the tenants above me are not heavily walking back and forth. This is a special morning! Birds are chirping, the sun is peeking through my window, and I am waking up, not because of an alarm clock, but because it is Saturday! Saturday mornings are greeted with bright eyes and grinning smiles because it means three things: pancakes and cheesy eggs for breakfast, a day at the mall with the girls, and dinner with the guys! I love pancakes, but more so, I love shopping! It is the perfect time to purchase a nice blouse, or two, or three. My friends always call me “spoiled” and “high maintenance” because I am able to buy what I want with few stipulations when I go to the mall. While I have a decent part-time job and my parents offer funds every now and then, I am truly a “broke college kid.” Meanwhile, who cares? Inevitably, there exists the pressing issue to look my best from head to toe and to participate in social activities whether I have a well-paying job or not. Nevertheless, it is not just me

by myself who acts like this. You would think the way my friends carry themselves and spend money that they have full-time jobs and receive weekly bonuses. My friends rely on their credit cards to live the way they want. All in all, by spending money, we prove we have access to a decent amount of discretionary income.

With this discretionary income, my friends and I purchase high-end shoes, clothes, and jewelry. On top of that, we go out to eat often to restaurants like Blue Fin and Wasabi, take road trips at least twice a month to Atlanta and Gatlinburg, and party hardy whenever we get the chance! One could say as college students, we are simply enjoying the best years of our life, but how is it possible to enjoy the best years of one’s life without any money or without being a part of a higher social class that can afford such things? It seems despite our financial state as students, especially those with loans, it is important to display financial stability and affluence through the things we acquire. Nowadays, most students have their own cell phones, laptops, MP3 players, and other gadgets. More so, we live in fully furnished apartments and drive our own cars. It seems society has manipulated even the broke college kids to believe buying this or that

represents our rank and social status.

Discretionary income and status symbols are the two concepts that are directly related to my personal example. My friends and I buy certain things that prove us to be financially able. Multiple purchases of these items like DVDs, shoes, and food mean we have money in the bank, which relates us with a social class that has a higher income. The other concepts listed within Chapter 12 seem to hit the head on the nail. There has always been a known correlation between income and social status and how certain materialistic objects and activities indicate your social class.

Nonetheless I still want nice things. I want to look my best and enjoy the finer things in life. It is as though we are trained at birth to want nice, luxury items because they are associated with affluence, glamour, and class. A marketer would be happy to know that making a product seem appealing in terms of luxury, uniqueness, and sheer material comfort will be very advantageous. Society is filled with people who naturally want the best. We seek higher education, to land a better than average job, that will pay an over-the-top salary, so we can ultimately live comfortably to be a part of the upper tier of the social hierarchy.

the University of Michigan. The following are the types of questions they pose to consumers:<sup>14</sup>

- Would you say that you and your family are better off or worse off financially than a year ago?
- Will you be better off or worse off a year from now?
- Is now a good time or a bad time for people to buy major household items, such as furniture or a refrigerator?
- Do you plan to buy a car in the next year?

When, as now, people are pessimistic about their prospects and about the state of the economy, they tend to cut back on what they spend and take on less debt.

However, when they are optimistic about the future, they reduce the amount they save, take on more debt, and buy discretionary items. These factors influence the overall savings rate:

- 1 Individual consumers' pessimism or optimism about their personal circumstances such as a sudden increase in personal wealth as the result of an inheritance
- 2 World events such as the recession
- 3 Cultural differences in attitudes toward saving (e.g., the Japanese have a much higher savings rate than do Americans)<sup>15</sup>

## 2

### OBJECTIVE

How do we group consumers into social classes that say a lot about where they stand in society?

## Social Class Structure

We divide all societies into the “haves” and the “have-nots” (though the amount people “have” is relative). The United States is a place where “all men are created equal,” but even so some people seem to be more equal than others. As Phil's encounter with the Caldwells suggests, a complex set of variables, including income, family background, and occupation determines his standing in society.

The place you occupy in the social structure helps to determine not only how much money you spend but also *how* you spend it. Phil 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 their booty very differently.

## Pick a 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, exhibit a clearly defined *dominance–submission hierarchy*. Within this hierarchy, each hen has a position in which she is submissive to all the hens above her and she dominates all the ones below her (hence the origin of the term *pecking order*).<sup>17</sup>

People are not much different. We also develop a pecking order that ranks us in terms of our relative standing in society. This rank determines our access to such resources as education, housing, and consumer goods. People try to move up in the social order to improve their ranking. This desire to improve one's lot in life, and often to let others know that one has done so, is at the core of many marketing strategies.

Just as marketers carve society into groups for segmentation purposes, sociologists describe divisions of society in terms of people's relative social and economic resources. Some of these divisions involve political power, whereas others revolve around purely economic distinctions. Karl Marx, the nineteenth-century economic theorist, argued that a person's relationship to the *means of production* determined his position in a society. The “haves” control resources, and they use the labor of others to preserve their privileged positions. The “have-nots” depend on their own labor for survival, so these people have the most to gain if they change the system. The German sociologist Max Weber showed that the rankings people develop are not one dimensional. Some involve prestige or “social honor” (he called these *status groups*), some rankings focus on power (or *party*), and some revolve around wealth and property (*class*).<sup>18</sup>

We use the term **social class** more generally to describe the overall rank of people in a society. People who belong to the same social class have approximately equal social standing in the community. They work in roughly similar occupations,

## ECONsumer Behavior



It's naïve to think that everyone reacts the same way to an economic downturn. The U.K.-based firm M&C Saatchi conducted research to identify eight specific consumer segments that each display different attitudes and behaviors regarding spending and saving money:<sup>16</sup>

- 1 **Crash Dieters** (26 percent): Try to cut out all nonessential spending until things improve.
- 2 **Scrimpers** (13 percent): Want to maintain their lifestyle and are reluctant to make sacrifices so they will trade down to less expensive brands but not stop buying what they like.
- 3 **Abstainers** (15 percent): Postpone big purchases but look to buy things on credit and pay later.
- 4 **Balancers** (9 percent): Sacrifice purchases in some categories in order to buy things in others.
- 5 **Treaters** (12 percent): They know they have to cut back but they have trouble budgeting; so they reward themselves when they do economize with small treats.
- 6 **Justifiers** (12 percent): They are willing to spend but they need a good reason to buy something, such as a new model or a deal.
- 7 **Ostriches** (9 percent): Are in denial; they're mostly younger consumers who continue to buy as long as their credit cards hold out.
- 8 **Vultures** (4 percent): Circle the market, looking to snap up bargains as businesses offer bargain basement prices.

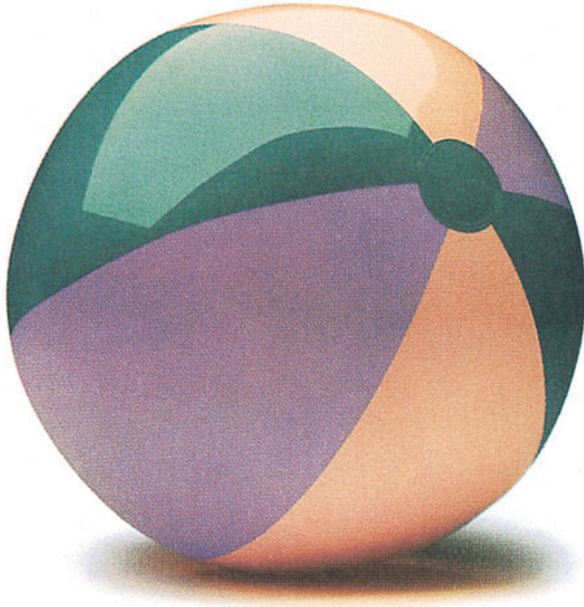


Whatever your customers love to do for fun, Libbey refreshes them along the way. Libbey offers glasses to fit any lifestyle and specific taste. You

can satisfy your customers' preferences and reflect your store's distinctiveness, too. Contact your Libbey representative today for a personal viewing. We will come out to see you with so many choices, we know it will be very refreshing indeed.



"Peach cooler, please."



"Gimme a brew."



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This ad implies that there are social class differences in leisure activities and preferred beverages.

Source: Courtesy of Libbey Glass Co.

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>19</sup>

Indeed, "birds of a feather do flock together." We tend to marry people in a similar social class to ours, a tendency sociologists call **homogamy**, or "assortative mating." Well over 90 percent of married high school dropouts marry someone who also dropped out or who has only a high school diploma. On the other side of the spectrum, less than 1 percent of the most highly educated Americans have a spouse who did not complete high school.<sup>20</sup>

Social class is as much a state of being as it is of having: As Phil saw, class is also a matter of what you do with your money and how you define your role in society. Although we 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 researchers asked her 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>21</sup>

In school, some kids seem to get all the breaks. They have access to many resources, such as special privileges, fancy cars, large allowances, or dates with other

popular classmates. At work, some coworkers get promoted to high-prestige jobs with higher salaries and perks such as a parking space, a large office, or the keys to the executive washroom.

In virtually every context some people rank higher than others. Patterns of social arrangements evolve whereby some members get more resources than others by virtue of their relative standing, power, or control in the group.<sup>22</sup> The process of **social stratification** refers to this creation of artificial divisions: “. . . 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>23</sup> We see these distinctions both in RL and online as the *reputation economy* takes shape—recall that this term refers to the “currency” people earn when they post online and others recommend their comments.<sup>24</sup>

**Achieved Versus Ascribed Status**

Think back to groups to which you’ve belonged. You’ll probably agree that in many instances some members seem to get more than their fair share of bennies, whereas other individuals aren’t so lucky. Some of these resources probably went to people who earned them through hard work or diligent study, or *achieved status*. But someone may have gotten the goodies because she was lucky enough to be born with “a silver spoon in her mouth.” 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**, where some members are better off than others. They may have more authority or power, or other members simply like or respect them.

In our society, wealth is more likely to be earned than inherited.

Source: Courtesy of The Phoenix Companies, Inc.

Some people still inherit wealth, the rest of us have no choice but to earn it.

The good news is, a lot of us know how. But then what? Phoenix has been showing people innovative new directions for 150 years. We understand that making money—and knowing what to do with it—are two different skills. It's one reason high-net-worth people and their advisors turn to Phoenix for help. To learn more about how Phoenix could be helping you, contact your financial advisor or visit [www.phoenixwm.com](http://www.phoenixwm.com).

Money

It's just not what it used to be

PHOENIX WEALTH MANAGEMENT

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### Social Mobility

We've seen that worldwide there's an upward drift in terms of access to consumer goods. But, to what degree do people actually move from one social class to another? In some societies such as India it's difficult to change one's social class, but in America we like to say, "Any man (or woman?) can grow up to be president" (though being related to a former president doesn't hurt your chances). **Social mobility** refers to the "passage of individuals from one social class to another."<sup>25</sup>

*Horizontal mobility* occurs when a person moves from one position to another that's roughly equivalent in social status; for instance a nurse becomes an elementary school teacher. *Downward mobility* is of course movement none of us wants but unfortunately we observe this pattern fairly often as farmers and other displaced workers go on welfare rolls or join the ranks of the homeless. By one estimate, between 2.3 million and 3.5 million Americans experience homelessness in a year's time.<sup>26</sup>

Despite that discouraging trend, demographics decree that overall there must be *upward mobility* in our society. The middle and upper classes reproduce less (i.e., have fewer children per family) than the lower classes (an effect demographers call *differential fertility*), and they tend to restrict family size to below replacement level (i.e., they often have only one child). Therefore, so the reasoning goes, over time those of lower status must fill positions of higher status.<sup>27</sup>

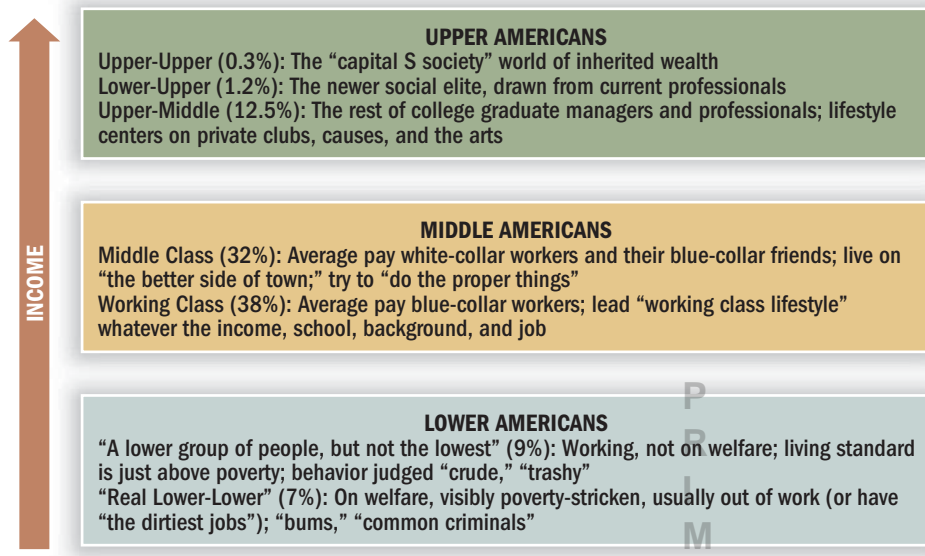
Overall, though, the offspring of blue-collar consumers are blue-collar, and the offspring of white-collar consumers are white-collar.<sup>28</sup> People do improve their positions over time, but these increases are not usually dramatic enough to catapult them from one social class to another. The exception is when a person marries someone considerably richer. This "Cinderella fantasy" is a popular theme in our society; we see it in movies (*Pretty Woman* or *Maid in Manhattan*) and popular TV shows such as *The Bachelor*.

### Class Structure in the United States

The United States *in theory* does not have a rigid, objectively defined class system. Nevertheless, Americans tend to maintain a stable class structure in terms of income distribution. Unlike some other countries, however, what *does* change are the groups (ethnic, racial, and religious) that occupy different positions within this structure at different times.<sup>29</sup> A sociologist named W. Lloyd Warner proposed the most influential classification of American class structure in 1941. Warner identified six social classes:<sup>30</sup>

- 1 Upper upper
- 2 Lower upper
- 3 Upper middle
- 4 Lower middle
- 5 Upper lower
- 6 Lower lower

These classifications imply that access to resources, such as money, education, and luxury goods increases as you move up the ladder from lower lower to upper upper. For example in 2006 (the most recent year where complete data are available) the richest 20 percent of U.S. households earned half of all the income. In contrast the poorest 20 percent received just over 3 percent. However these figures don't tell the whole story since some poorer families have access to nontaxable income or members may be between jobs so their low income is temporary. When you adjust income for other factors and look at the data on a per person basis (while on average 3.1 people live in a household in the top category, only 1.7 live in one in



**Figure 12.1** A CONTEMPORARY VIEW OF THE AMERICAN CLASS STRUCTURE

the bottom category), the richest people actually consume four times more than the poorest.<sup>31</sup>

Other social scientists have proposed variations on this system over the years, but these six levels summarize fairly well the way we still think about class—although the proportion of consumers who fall into each category fluctuates over time. Figure 12.1 provides one view of the American status structure.

## Class Structure Around the World

Every society has some type of hierarchical class structure that determines people’s access to products and services. Let’s take a quick look at a few important ones.

### China

In China, an economic boom is rapidly creating a middle class of more than 130 million people that analysts project will grow to more than 400 million in 10 years. During the cultural revolution, Mao’s Red Guards seized on even the smallest possessions—a pocket watch or silk scarf—as evidence of “bourgeois consciousness.” Change came rapidly in the early 1990s, after Mao’s successor Deng Xiaoping uttered the phrase that quickly became the credo of the new China: “To get rich is glorious.”

Because costs are low, a family with an annual income below the U.S. poverty threshold of about \$14,000 can enjoy middle-class comforts, including stylish clothes, Chinese-made color televisions, DVD players, and cell phones. Wealthier Chinese entrepreneurs indulge in Cuban Cohiba cigars that sell for \$25 each, a quarter of the average Chinese laborer’s monthly wage. In bustling Shanghai, newly minted “yuppies” drop their kids off for golf lessons; visit Maserati and Ferrari showrooms; buy some luxury items from Louis Vuitton, Hugo Boss, or Prada; then pick up some Häagen-Dazs ice cream before they head to an Evian spa to unwind. One cultural difference that may help to account for this love of branded goods is that Asians tend to be highly sensitive to cues that communicate social standing, and well-known brand names help to manage this impression. Indeed, even in the United States researchers report that Asian immigrants and Asian Americans prefer branded goods to generic products compared to other Americans.<sup>32</sup>

Many companies, like this Austrian bank, aggressively pursue the upper class consumer.

Source: Courtesy of Bank Austria Creditanstalt AG.

Photo by Gunter Parth.



It's not our job to tell you the best thing to do with your inheritance, but it is our job to advise you the best way of going about it.

Nike, which consumers in a survey named China's coolest brand, profits mightily from the rise of the Chinese middle class. Nike shoes are a symbol of success, and the company opens an average of 1.5 new stores a day there. The company worked for a long time to attain this status—it started when it outfitted top Chinese athletes and sponsored all the teams in China's pro basketball league. Still, becoming a fashion icon (and persuading consumers to spend twice the average monthly salary for a pair of shoes) is no mean feat in a country that's not exactly sports crazy. So Nike affiliated with the NBA (which began to televise games in China) and brought over players such as Michael Jordan for visits. Slowly but surely, in-the-know Chinese came to call sneakers "Nai-ke."<sup>33</sup>

### Japan

Japan is a highly brand-conscious society where upscale, designer labels are incredibly popular. The Japanese love affair with top brands started in the 1970s when the local economy was booming and many Japanese could buy Western luxury accessories for the first time. Some analysts say Japan's long slump since that time may have fostered a psychological need to splurge on small luxuries to give people the illusion of wealth and to forget their anxieties about the future. Single, working women are largely responsible for fueling Japan's luxury-goods spending—about three-quarters of Japanese women aged 25 to 29 work outside the home. As we saw in Chapter 10, these "office ladies" save money by living with their parents so this leaves them with cash on hand to spend on clothes, accessories, and vacations.<sup>34</sup>

### The Middle East

In contrast to the Japanese, few Arab women work. This makes a search for the latest in Western luxury brands a major leisure activity for those with money. Dressing rooms are large, with antechambers to accommodate friends and family members who often come along on shopping sprees. A major expansion of Western luxury brands is under way across the Middle East, home to some of the fashion industry's best customers. High-end retailers such as Saks Fifth Avenue and Giorgio Armani operate opulent stores that cater to this growing market. However, fashion retailers must take cultural and religious considerations into account. Missoni makes sure that collections include longer pants and skirts, and evening gowns with light shawls to cover heads or bare shoulders. And advertising and display options are more limited: Erotic images don't work. In the strict religious culture of Saudi Arabia, mannequins can't reveal a gender or human shape. At Saks' Riyadh store, models are headless and don't have fingers. Half of the two-level store is off-limits to men.<sup>35</sup>

### The United Kingdom

England is an extremely class-conscious country, and at least until recently inherited position and family background largely predetermined consumption patterns. Members of the upper class were educated at schools such as Eaton and Oxford and they spoke like Henry Higgins in *My Fair Lady*. We can still find remnants of this rigid class structure. "Hooray Henrys" (wealthy young men) play polo at Windsor and hereditary peers still dominate the House of Lords.

However, the supremacy of inherited wealth appears to have faded in Britain's traditionally aristocratic society as British entrepreneurs like Richard Branson (of the Virgin empire) redefine the economy. The United Kingdom was particularly hard hit by the recession, like the United States, and a new emphasis on frugality alters people's priorities. In addition populist outrage grew after it came to light in 2009 that legislators had billed the government for excessive expenses—among other abuses, British taxpayers footed a £2,000 bill for one M.P. to clean the moat surrounding his castle.<sup>36</sup>

Some big marketers such as Unilever and Groupe Danone set their sights on a more lower-class group the British call **chavs**. This label refers to young, lower-class men and women who mix flashy brands and accessories from big names such as Burberry with track suits. Their style icons include soccer star David Beckham and his wife, Victoria aka Posh Spice. Despite their (alleged) tackiness, marketers like chavs because they spend a lot of their disposable income on fashion, food, and gadgets. France's Danone, which makes HP Sauce, a condiment the British have poured over bacon sandwiches and fries for a century, launched a series of ads to play up to the chav culture. One features a brawl over the sauce at a wedding buffet; another includes glammy soccer players' wives mingling cattily at a party.<sup>37</sup> Danone found "chavvy" people on the streets of Liverpool to star in the ads.

### India

India's economy is booming despite the global recession, and affluent consumers prize higher-end global brands—even though nearly half of India's population live on less than \$1.25 a day. Brands like Gucci, Jimmy Choo, and Hermès scramble to open stores in high-end hotels or new superluxury malls, where the management often stations guards at the doors to keep the destitute outside.<sup>38</sup>

One of Bollywood's biggest stars, Shahrukh Khan, is "brand ambassador" for Tag Heuer watches, which cost thousands of dollars. He gives them away on the Indian version of *Who Wants to Be a Millionaire?*—the show that also formed the basis for the hit movie *Slumdog Millionaire*. India's ascendancy is fairly recent; for decades after the country became independent from Britain its economy was socialistic and traditional. Today, young consumers watch MTV, read international fashion magazines, and embrace the power of plastic—credit-card spending in India rose by 30 percent a year for the past 5 years.<sup>39</sup>

### Marketing Pitfall



A recent flap illustrates the rapid changes in Indian society. *Vogue India* ran a 16-page spread of poor people surrounded by luxury goods—an old toothless woman holds a child who wears a Fendi bib, a woman and two other people ride on a motorbike as she sports a Hermès bag that sells for more than \$10,000, a street beggar grips a Burberry umbrella. A columnist denounced the spread as "... not just tacky but downright distasteful." The magazine's editor commented that the shoot's message is simply that "... fashion is no longer a rich man's privilege. Anyone can carry it off and make it look beautiful."<sup>40</sup>

*Vogue India's* emphasis on fashion and luxury illustrates the stark divisions between the haves and the have-nots in that developing country.

Source: Courtesy of Newscom.



3

### OBJECTIVE

Why does a person's desire to make a statement about his social class, or the class to which he hopes to belong, influence the products he likes and dislikes?

## Social Class and Consumer Behavior

It's getting more difficult to clearly link certain brands or stores with a specific class. Marketplace changes make it more difficult for the casual observer to accurately place a consumer in a certain class by looking at the products he buys. That's because a lot of "affordable luxuries" now are within reach of many consumers who could not have acquired them in the past. Think of how many college women you know who buy pricey bags from Louis Vuitton or Coach, then eat Ramen noodles for dinner. To make matters even more confusing, a wealthy family may well buy its wine at

Costco and its bath towels at Target—and especially in today's economy proudly gloat about the steals they got.<sup>41</sup> Luxury brands slash prices to attract more customers, while mass-market brands move upscale—Disney's new Disney Couture line sells cashmere sweaters "inspired by Tinker Bell," pricey chandeliers patterned after the Art Deco décor in Mr. Disney's former office, and a \$1,400 sequined Mickey Mouse T-shirt from Dolce & Gabbana.<sup>42</sup>

Profound changes in global income distribution drive this shift. Traditionally, it was common to find a huge gulf between the rich and the poor—you were either one or the other. Today, rising incomes in many economically developing countries, such as South Korea and China, coupled with decreasing prices for quality consumer goods

and services, level the playing field. The current recession aside, more and more consumers around the globe participate in the global economy. The biggest emerging markets go by the acronym **BRIC**: Brazil, Russia, India, and China. These four countries today account for 15 percent of the \$60 trillion global economy, but analysts project they will overtake the European and American economies within 20 years.<sup>43</sup>

This change fuels demand for mass-consumed products that still offer some degree of *panache*. Companies such as H&M, Zara, EasyJet, and L'Oréal provide creature comforts to a consumer segment analysts label **mass class**. This refers to the hundreds of millions of global consumers who now enjoy a level of purchasing power that's sufficient to let them afford high-quality products—except for big-ticket items such as college educations, housing, or luxury cars. The mass-class market, for example, spawned several versions of affordable cars: Latin Americans have their Volkswagen Beetle (they affectionately call it *el huevito*, “the little egg”); Indian consumers have their Maruti 800 (it sells for as little as US \$4,860); and the Fiat Palio, the company's “world car,” targets people in emerging countries such as Brazil, Argentina, India, China, and Turkey.<sup>44</sup>

## Components of Social Class

When we think about a person's social class, we consider a number of pieces of information. Two major ones are occupation and income. Let's take a quick look at both.

### Occupational Prestige

In a system in which (like it or not) we define people to a great extent by what they do for a living, *occupational prestige* is one way we evaluate their “worth.” Hierarchies of occupational prestige tend to be quite stable over time and across cultures. Researchers find similarities in occupational prestige in countries as diverse as Brazil, Ghana, Guam, Japan, and Turkey.<sup>45</sup>

A typical ranking includes a variety of professional and business occupations at the top (e.g., CEO of a large corporation, physician, and college professor), whereas jobs that hover near the bottom include shoe shiner, ditch digger, and garbage collector. Because a person's occupation links strongly to his or her use of leisure time, allocation of family resources, aesthetic preferences, and political orientation, many social scientists consider it the single best indicator of social class.

### Income

The distribution of wealth is of great interest to social scientists and to marketers because it determines which groups have the greatest buying power and market potential. Wealth is by no means distributed evenly across the classes. As we have seen, income per se is not often a very good indicator of social class because the way we spend our money is more telling than how much we spend. Still, people need money to obtain goods and services to express their tastes, so obviously income is still very important. American consumers are getting both wealthier and older, and these changes will continue to influence consumption preferences.

### How Income Relates to Social Class

Although we equate money with class, the precise relationship between other aspects of social class and income is not clear, and social scientists debate it.<sup>46</sup> The two are by no means synonymous, which is why many people with a lot of money try to buy their way into a higher social class. One problem is that even if a family adds one or more wage earners and increases its household income, each additional job is likely to be lower in status than the primary wage earner's job. In addition, these members don't necessarily pool their earnings toward the common good of the family.<sup>47</sup>

So which is a better predictor of consumer behavior? The answer partly depends on the type of product we sell—do people buy it largely for its functional value (what it does) or for its symbolic value (the impression it conveys to others)?

- Social class is a better predictor of purchases that have symbolic aspects, but low to moderate prices (e.g., cosmetics, liquor).
- Income is a better predictor of major expenditures that do not have status or symbolic aspects (e.g., major appliances).
- We need both social class and income data to predict purchases of expensive, symbolic products (e.g., cars, homes).

### Class Differences in Worldview

A *worldview* is one way to differentiate among social classes. To generalize, the world of the working class (i.e., 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 vacation trips to out-of-the-way places.<sup>48</sup> Immediate needs, such as a new refrigerator or TV, tend to dictate buying behavior, whereas the higher classes focus on more long-term goals, such as saving for college tuition or retirement.<sup>49</sup> Working-class consumers depend heavily on relatives for emotional support and tend to orient themselves in terms of the local 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.

One recent study that looked at social class and how it relates to consumers' feelings of *empowerment* reported that lower-class men aren't as likely to feel they have the power to affect their outcomes. Respondents varied from those who were what the researcher calls *potent actors* (those who believe they have the ability to take actions that affect their world) to *impotent reactors* (those who feel they are at the mercy of their economic situations). This orientation influenced consumption behaviors; for example, the professionals in the study who were likely to be potent actors set themselves up for financial opportunity and growth. They took very broad perspectives on investing and planned their budgets strategically.<sup>50</sup>

Although 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>51</sup> They may not view the maintenance of a high-status lifestyle 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, and the parties that are expected. I don't think I'd want to take their place."<sup>52</sup>

This person may be right. Although good things appear to go hand-in-hand with higher status and wealth, the picture is not that clear. The social scientist Émile Durkheim observed that suicide rates are much higher among the wealthy; he wrote in 1897, "The possessors of most comfort suffer most."<sup>53</sup> Durkheim's wisdom may still be accurate today. Many well-off consumers seem to be stressed or unhappy despite or even because of their wealth, a condition some call **affluenza**.<sup>54</sup> A *New York Times*/CBS News poll asked kids aged 13 to 17 to compare their lives with what their parents experienced growing up. Forty-three percent said they had a harder time, and upper-income teenagers were the most likely to say that their lives are harder and subject to more stress. Apparently, they feel the pressure to get into elite schools and to maintain the family's status.<sup>55</sup>

Many marketers try to target affluent, upscale markets. This often makes sense because these consumers—those who are still employed in the aftermath of the recession—obviously have the resources to spend on costly products that command higher profit margins. However, it is a mistake to assume that we should place everyone with a high income into the same market segment. As we noted earlier, social class involves more than absolute income. It is also a way of life, and factors including where they got their money, how they got it, and how long they have had it significantly affect affluents' interests and spending priorities.<sup>56</sup>



## CB AS I SEE IT

Professor George Loewenstein, *Carnegie Mellon University*

The average American spends more on lottery tickets than on reading materials or movies. In 2003, total spending on lotteries was almost \$45 billion, or \$155 for every man, woman, and child in the United States. Moreover, people at low income levels play the lottery disproportionately; one study found that those with incomes under \$10,000 spent almost three times as much on lottery tickets as those with incomes over \$50,000.

Why is playing the lottery so attractive, and why is it especially attractive to low-income individuals? My colleagues Emily Haisley and Romel Mostafa and I explored these questions. We hypothesized that one of the attractions of the lottery is that the typical lottery ticket only costs a dollar—peanuts in the budget of even those with low incomes. We went to the Greyhound bus station in Pittsburgh and asked bus travelers if they would complete a survey about their attitudes toward Pittsburgh in exchange for \$5. We then gave them the opportunity to purchase up to five lottery tickets. For some subjects, we handed them the \$5 and had them

make a single choice of how many tickets to buy (from zero to five). For other subjects, we handed them \$1 at a time, five times in a row, and each time asked if they wanted to use the dollar to buy a lottery ticket. Subjects in the latter condition purchased about twice as many lottery tickets. Of course \$1 isn't much, but as the statistics document, many people are forking out the money day after day.

This helps to explain the appeal of the lottery, which is the single most popular form of gambling in the United States despite having the lowest payout rate. But, this finding does not explain why low-income individuals are so attracted to playing the lottery. In two follow-up studies we attempted to find out. We reasoned that poor people play the lottery disproportionately because, in contrast to more affluent people, it is their only opportunity, however small, for a dramatic improvement in their economic situation. In the first study we made some Greyhound riders feel rich by asking them in the survey to report their income on a scale that went up in \$10,000 increments, peaking at \$50,000 or more. We made others feel poor by asking income with a scale that went up in \$50,000 increments, peaking at \$1,000,000 or more. Those made to

feel poor bought, on average, about twice as many tickets. In the second study we reasoned that lottery tickets might be attractive to people with low incomes because they have the same opportunity to win as people with higher incomes (in contrast to other areas of life where rich people have advantages). We reminded them of this fact by asking them to report whether poor people, rich people, or neither had an advantage in different areas of life, with one of the areas being "gambling." Those respondents who received this subtle reminder that lotteries give everyone similar odds of winning once again bought more.

The sad fact is that lotteries return only fifty cents on the dollar, making them one of the worst possible investments, and far less lucrative than playing the stock market—even in a bad year. Yet 21 percent of Americans, and 38 percent of those with incomes less than \$25,000—report that the lottery is the only way they would be able to accumulate several thousand dollars for retirement. Along with payday loans, rent-to-own establishments, pawn shops, and instant rebate tax services, lotteries are one of the many ways that commercial and state enterprises may be detrimental to the financial well-being of the poor.

Despite our stereotype of rich people who just party all day long, one study found the typical millionaire is a 57-year-old man who is self-employed, earns a median household income of \$131,000, has been married to the same wife for most of his adult life, has children, has never spent more than \$399 on a suit or more than \$140 for a pair of shoes, and drives a Ford Explorer (the humble billionaire investor Warren Buffett comes to mind). Interestingly, many affluent people don't consider themselves to be rich. One tendency researchers notice is that they indulge in luxury goods while they pinch pennies on everyday items—they buy shoes at Neiman Marcus and deodorant at Wal-Mart, for example.<sup>57</sup>

SBI Consulting Business Intelligence divides consumers into three groups based on their attitudes toward luxury:

- 1 Luxury is functional**—These consumers use their money to buy things that will last and have enduring value. They conduct extensive prepurchase



## Net Profit



**ASmallWorld.net** is a social networking site that gives the wealthy access to one another in cyberspace—while

keeping the rest of us out. It's an invitation-only site that's grown to about 150,000 registered users. The site's founders promote it as a Facebook for the social elite. A few recent postings help to understand why. One person wrote, "I need to rent 20 very luxury sports cars for an event in Switzerland. . . . The cars should be: Maserati—Ferrari—Lamborghini—Aston Martin ONLY!" Another announced: "If anyone is looking for a private island, I now have one available for purchase in Fiji." The rich are different.<sup>58</sup>

research and make logical decisions rather than emotional or impulsive choices.

- 2 **Luxury is a reward**—These consumers tend to be younger than the first group but older than the third group. They use luxury goods to say, "I've made it." The desire to be successful and to demonstrate their success to others motivates these consumers to purchase conspicuous luxury items, such as high-end automobiles and homes in exclusive communities.
- 3 **Luxury is indulgence**—This group is the smallest of the three and tends to include younger consumers and slightly more males than the other two groups. To these consumers, the purpose of owning luxury is to be extremely lavish and self-indulgent. This group is willing to pay a premium for goods that express their individuality and make others take notice. They have a more emotional approach to luxury spending and are more likely than the other two groups to make impulse purchases.<sup>59</sup>

As Phil discovered, people who have had money for a long time use their fortunes a lot differently. *Old money* families (e.g., the Rockefellers, DuPonts, Fords, etc.) live primarily on inherited funds.<sup>60</sup> One commentator called this group "the class in hiding."<sup>61</sup> Following the Great Depression of the 1930s, moneyed families became more discreet about exhibiting their wealth. Many fled from mansions such as those we still find in Manhattan (the renovated Vanderbilt mansion now is Ralph Lauren's flagship store) to hideaways in Virginia, Connecticut, and New Jersey.

Mere wealth is not sufficient to achieve social prominence in these circles. You also need to demonstrate a family history of public service and philanthropy, and tangible markers of these contributions often enable donors to achieve a kind of immortality (e.g., Rockefeller University, Carnegie Hall, or the Whitney Museum).<sup>62</sup> "Old money" consumers distinguish among themselves in terms of ancestry and lineage rather than wealth.<sup>63</sup> And (like the Caldwelles) they're secure in their status. In a sense, they have trained their whole lives to be rich.

In contrast to people with old money, today there are many people—including high-profile billionaires such as Bill Gates, Steve Jobs, and Richard Branson—who are "the working wealthy."<sup>64</sup> 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 our society. That's why a commercial that showed the actual garage where the two cofounders of Hewlett-Packard first worked struck a chord in so many.

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 change their social status. The label *nouveau riche* describes consumers who recently achieved their wealth and who don't have the benefit of years of training to learn how to spend it.

Pity the poor *nouveau riches*; many suffer from *status anxiety*. They monitor the cultural environment to ensure that they do the "right" thing, wear the "right" clothes, get seen at the "right" places, use the "right" caterer, and so on.<sup>65</sup> Their flamboyant consumption is an example of *symbolic self-completion* because they try to display symbols they believe have "class" to make up for an internal lack of assurance about the "correct" way to behave.<sup>66</sup> In major Chinese cities such as Shanghai, some people wear pajamas in public as a way to flaunt their newfound wealth. As one consumer explained, "Only people in cities can afford clothes like this. In farming villages, they still have to wear old work clothes to bed."<sup>67</sup>

### "What Do You Use That Fork For?" Taste Cultures, Codes, and Cultural Capital

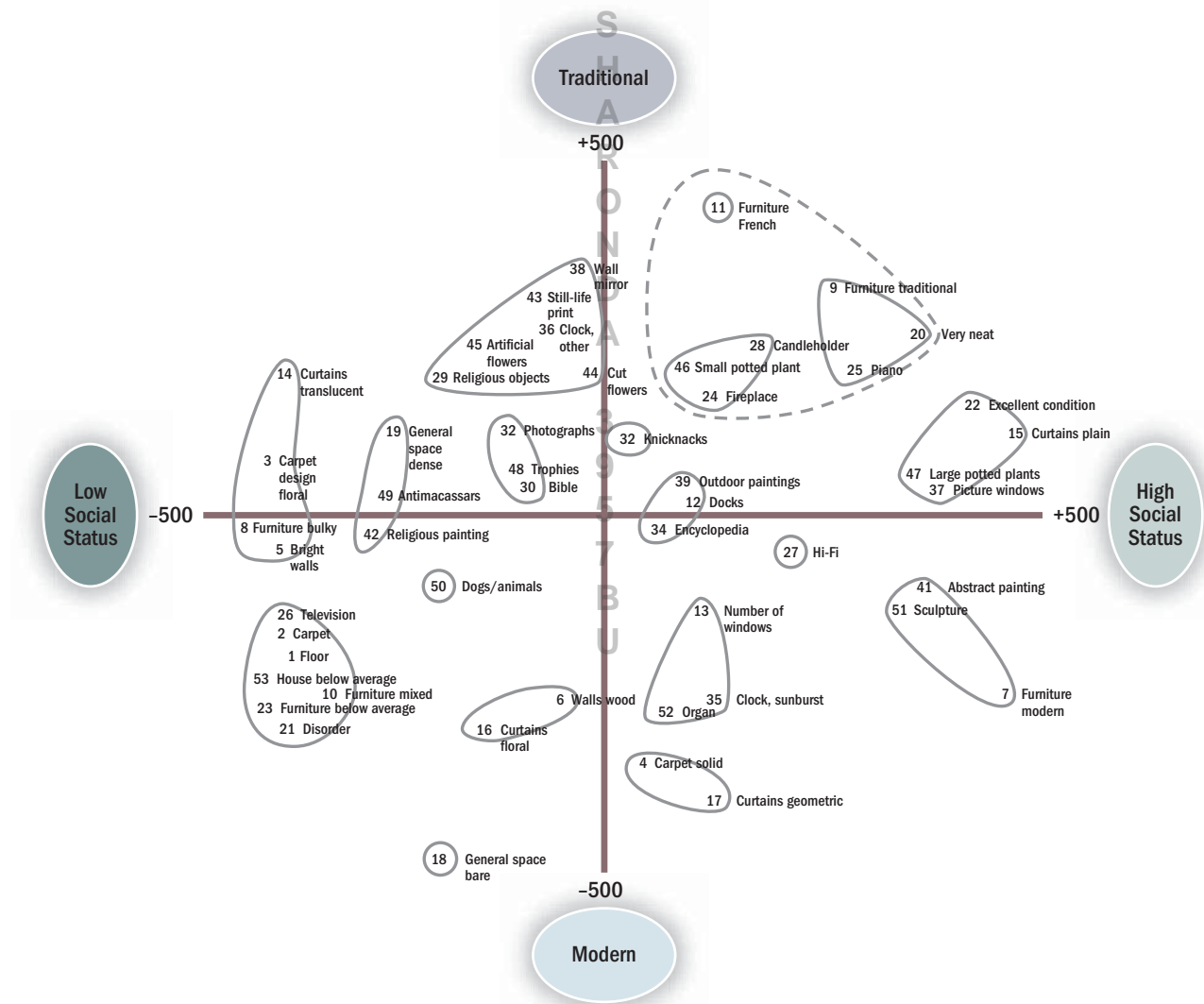
A **taste culture** describes consumers in terms of their aesthetic and intellectual preferences. This concept helps to illuminate the important, yet sometimes-subtle, distinctions in consumption choices among the social classes.<sup>68</sup> For example, a comprehensive analysis of social class differences using data from 675,000 households

supports the mass-class phenomenon we discussed before: Differences in consumption patterns between the upper and upper-middle classes and between the middle and working classes are disappearing. However, strong differences still emerge in terms of how consumers spend their discretionary income and leisure time. Upper- and upper-middle-class people are more likely to visit museums and attend live theater, and middle-class consumers are more likely to camp and fish. The upper classes are more likely to listen to all-news programs, whereas the middle classes are more likely to tune in to country music.<sup>69</sup>

Some social critics don't like the taste culture perspective because they charge it's elitist. Judgments of the relative artistic value of Beethoven versus The Beastie Boys aside, it is very helpful to recognize that we segment ourselves in terms of our shared tastes in literature, art, music, leisure activities, and home decoration. Indeed, all of the thousands of online brand communities we discussed in Chapter 10 are living evidence that we do this all the time!

In one of the classic studies of social differences in taste, researchers cataloged home owners' possessions as they sat in their living rooms and asked them about their income and occupation. They identified clusters of furnishings and decorative items that seemed to appear together with some regularity, and they found different clusters depending on the consumer's social status (see Figure 12.2). For example,

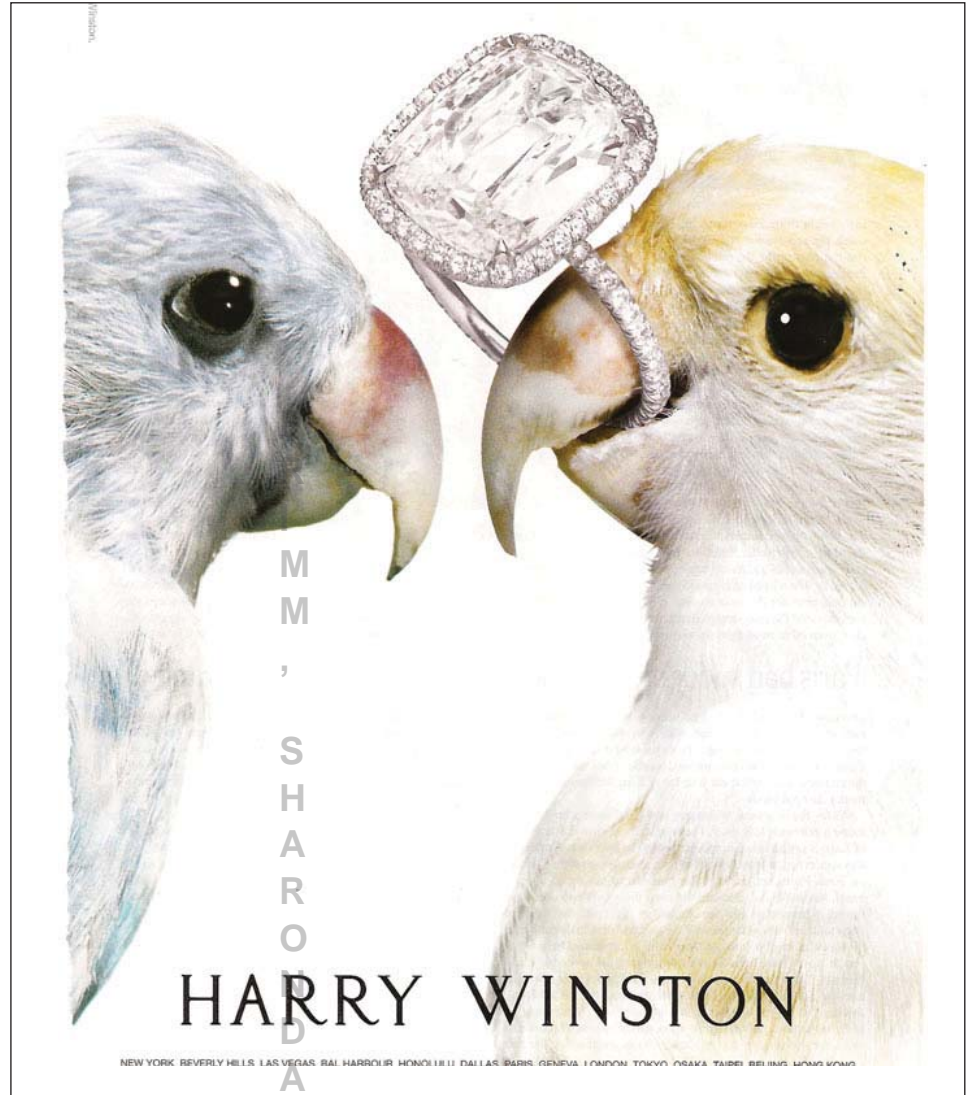
**Figure 12.2** LIVING ROOM CLUSTERS AND SOCIAL CLASS



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Many consumers still covet luxury products—whether they can afford them or not.

Source: Courtesy of Harry Winston Jewelers.



they tended to find a cluster that consisted of religious objects, artificial flowers, and still-life portraits in relatively lower-status living rooms, whereas they were likely to catalog a cluster of abstract paintings, sculptures, and modern furniture in a higher-status home.<sup>70</sup>

Another approach to social class focuses on the *codes* (the ways consumers express and interpret meanings) people within different social strata use. It's valuable for marketers to map these codes because they can use concepts and terms that target customers will relate to. Marketing appeals we construct with class differences in mind result in quite different messages. For example, a life insurance ad a company targets to a lower-class person might depict in simple, straightforward terms a hard-working family man who feels good immediately after he buys a policy. A more upscale appeal might depict a more affluent older couple surrounded by photos of their children and grandchildren. It might include extensive copy that plugs the satisfaction of planning for the future.

These two ways to communicate product benefits incorporate different types of codes. **Restricted codes** focus on the content of objects, not on relationships among objects. **Elaborated codes**, in contrast, are more complex and depend on a more sophisticated worldview. These code differences extend to the way consumers approach basic concepts such as time, social relationships, and objects. Table 12.1 summarizes some differences between these two code types.

TABLE 12.1 Effects of Restricted Versus Elaborated Codes

	Restricted Codes	Elaborated Codes
General characteristics	Emphasize description and contents of objects Have implicit meanings (context dependent)	Emphasize analysis and interrelationship between objects; i.e., hierarchical organization and instrumental connections Have explicit meanings
Language	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
Social relationships	Stress attributes of individuals over formal roles	Stress formal role structure, instrumental relationships
Time	Focus on present; have only general notion of future	Focus an instrumental relationship between present activities and future rewards
Physical space	Locate rooms, spaces in context of other rooms and places: e.g., “front room,” “corner store”	Identify rooms, spaces in terms of usage; formal ordering of spaces; e.g., “dining room,” “financial district”
Implications for marketers	Stress inherent product quality, contents (or trustworthiness, goodness of “real-type”), spokesperson Stress implicit of fit of product with total lifestyle Use simple adjectives, descriptions	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. Durgee, “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 of Consumer Research, 1986): 332.

Clearly, not all taste cultures are created equal. The upper classes have access to resources that enable them to perpetuate their privileged position in society. Pierre Bourdieu was a French theorist who wrote at length about how people compete for resources, or *capital*. Bourdieu did large-scale surveys to track people’s wealth, and he related this “economic capital” to patterns of taste in entertainment and the arts. He concluded that “taste” is a status-marking force, or **habitus**, that causes consumption preferences to cluster together. Later analyses of American consumers largely confirm these relationships; for example, higher-income people are more likely than the average consumer to attend the theater, whereas lower-income people are more likely to attend a wrestling match.<sup>71</sup>

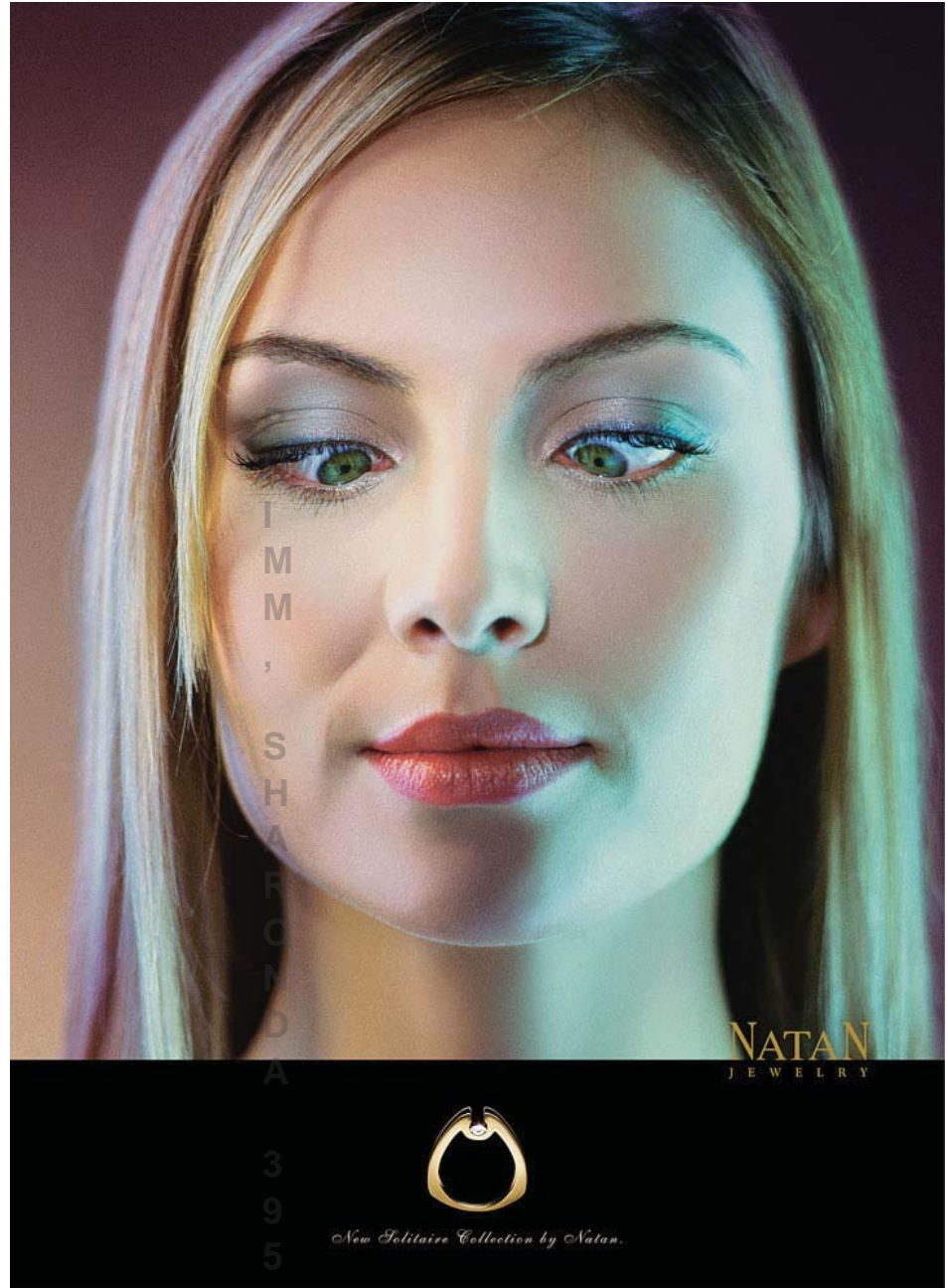
In addition to *economic capital* (financial resources), Bourdieu pointed to the significance of *social capital* (organizational affiliations and networks). The legions of aspiring professionals who take up golf because they conduct so much business on the greens demonstrate how social capital operates. Similarly, as we’ve seen, respected bloggers acquire social capital when they gain access to business contacts who go online to search for information and advice.<sup>72</sup>

Bourdieu also reminds us of the consequences of **cultural capital**. This refers to a set of distinctive and socially rare tastes and practices—knowledge of “refined” behavior that admits a person into the realm of the upper class.<sup>73</sup> The elites in a society collect a set of skills that enable them to hold positions of power and authority, and they pass these on to their children (think etiquette lessons and debutante balls). These resources gain in value because class members restrict access to them. That’s part of the reason why people compete so fiercely for admission to elite colleges. Much as we hate to admit it, the rich *are* different.

## Status Symbols

We tend to evaluate ourselves, our professional accomplishments, our appearance, and our material well-being relative to others. The popular phrase “keeping up with the Joneses” (in Japan it’s “keeping up with the Satos”) refers to a desire to compare your standard of living with your neighbors—and exceed it if you can.

Luxury items like diamond engagement rings are valued as status symbols the world over, as this Brazilian ad for a jeweler reminds us. Source: Courtesy of Saatchi & Saatchi/Brazil.



Often it's not enough to have wealth or fame—what matters is that you have more of it than others. One study demonstrated how we assign value to *loyalty programs* (e.g., when airlines award you special status based on the number of miles you fly) at least in part based on our level in the hierarchy relative to other members. Subjects were assigned to “gold status” in a program where they were in the only tier or a program where there was also a silver tier. Although both groups were “gold,” those in the program that also offered a lower level felt better about it.<sup>74</sup>

A major motivation to buy is not to enjoy these items but rather to let others know that we can afford them. These products are *status symbols*. The popular bumper sticker slogan, “He who dies with the most toys, wins,” summarizes the desire to accumulate these “badges of achievement.” Status-seeking is a significant source of motivation to procure appropriate products and services that we hope will let others know we’ve “made it.” A recent study demonstrated how people turn to status symbols to prop up their self-concepts, especially when they feel badly or uncertain about

other aspects of their lives. When subjects in auctions were made to feel that they had little power, they spent more to purchase items to compensate for this deficit.<sup>75</sup>

We associate status symbols with luxury products, but the reality is that consumers are very good at latching onto all sorts of things that enable them to proclaim their place in a pecking order. In cyberspace, Twitter is the status vehicle *du jour* as actors, politicians, athletes, and millions of the rest of us hop on board the 140-character train. Celebrities including bicyclist Lance Armstrong, actor Ashton Kutcher, basketball player Shaquille O'Neal, and even Oprah are enthusiastic passengers. This social media platform is a way to stay informed, build a following, and perhaps prove that you're cool enough to be a Twitterer. A tweet by design diva Martha Stewart illustrates the "me too" motivation: "Proving that I really am on Twitter!"<sup>76</sup>

As we discussed earlier in the chapter, the rise of a *mass-class* market means that many luxury products have gone down-market. Does this mean Americans no longer yearn for status symbols? Hardly. The market continues to roll out ever-pricier goods and services, from \$130,000 Hummers and \$12,000 mother-baby diamond tennis bracelet sets to \$600 jeans, \$800 haircuts, and \$400 bottles of wine. Although it seems that almost everyone can flout a designer handbag (or at least a counterfeit version with a convincing logo), our country's wealthiest consumers employ 9,000 personal chefs, visit plastic surgeons, and send their children to \$400-an-hour math tutors. A sociologist explained, "Whether or not someone has a flat-screen TV is going to tell you less than if you look at the services they use, where they live and the control they have over other people's labor, those who are serving them."<sup>79</sup>

Of course, the particular products that count as status symbols vary across cultures and locales:

- Although to most Americans the now-defunct Hummer vehicle is a symbol of excess, Iraqis still regard the huge gas-guzzlers as an alluring symbol of power. An Iraqi Hummer dealer observed, "In Iraq, people judge you by your car, and you're not a man without one." People there use an Arabic phrase to explain the need to have the biggest car—*hasad thukuri*, which roughly translates as "penis envy."<sup>80</sup>
- In China, children are status symbols (partly because the government strongly discourages couples from having more than one baby). Parents want to show off their pampered child and are eager to surround their "little emperors" with luxury goods. Chinese families spend one-third to one-half of their disposable income on their children.<sup>81</sup>
- Largely because of an oil boom, there are at least 25 billionaires and 88,000 millionaires in Russia (though the recession has taken a big bite out of the Russian economy also). Muscovites crave luxury goods to show off their newfound wealth. Some buy the GoldVish cell phone that glitters with 120 carats of diamonds encrusting a case of white gold. The desire to spend as much as possible on indulgences fuels a popular joke in Moscow: A wealthy businessman tells a friend he bought a tie for \$100. He responds, "You fool. You can get the same tie for \$200 just across the street."<sup>82</sup>
- In Indonesia, as in many countries, a cell phone is a status symbol (see Marketing Pitfall box)—but instead of a sleek iPhone, a decade-old Nokia model users call "the Brick" is the one to have. This "smart phone" never took off in the West—its bulky design makes it look dated. But in Jakarta, its heft is what people like about it. At a whopping half-pound, it doesn't fit into a pocket so it's very visible when models, politicians, and other celebrities cart it around with them. Nokia even sells a gold-plated version for \$2,500. In the world of status symbols, anything goes as long as others don't have it.<sup>83</sup>

The social analyst Thorstein Veblen first discussed the motivation to consume for the sake of consuming at the turn of the twentieth century. For Veblen, we buy things to create **invidious distinction**—this means we use them to inspire envy in

## Marketing Pitfall



Think about those of us who suffer from cell phone envy: Did you stake out your place in

line when Apple first released its coveted iPhone? British researchers observed how men in clubs used their phones as part of "the mating ritual." Whereas female patrons generally kept their phones in their purses and retrieved them only when needed, most men took their phones out of their jacket pockets or briefcases when they sat down and placed them on the bar counter or table for all to see.

The authors propose that men use their mobile phones just as peacocks use their plumage or male bullfrogs use their croaks—to advertise their status to available mates. They noted that the amount of time the men spent toying with and displaying their phones increased significantly as the number of men relative to women increased—just as male peacocks fan open their feathers more vigorously as the number of competing suitors increases.<sup>77</sup>

Today, the average cell phone user replaces his phone in less than 2 years, and many *aficionados* pant for a new model much sooner than that. It's not about function; it's about fashion and the next best thing. Motorola learned about the status value of phones when its fortunes plunged along with the price of its Razr model (a 30 percent drop in stock price in 6 months). Although the Razr was a big hit when Motorola launched it, the company sat on its laurels and didn't realize that customers soon would crave the latest and greatest. As one industry analyst stated, "Phone manufacturers are only as hot as their last major hit—if they haven't smacked it over the fence in a while, they're in trouble. Motorola failed to follow it up with something similarly as big as the Razr." Motorola hoped that its newer Krzr model would lure back style-conscious consumers because it's got better functionality than the Razr. But the Krzr also looks a lot like a Razr and analysts doubt that phoneaholics are going to buy into a product that looks like it's so yesterday.<sup>78</sup>

## Marketing Opportunity



About 14 percent of Americans live below the poverty line, and most marketers largely ignore this segment. Still, although poor people obviously have less to spend than do rich ones, they have the same basic needs as everyone else. Low-income families purchase staples, such as milk, orange juice, and tea, at the same rates as average-income families. Minimum wage-level households spend more than average on out-of-pocket health-care costs, rent, and food they eat at home.<sup>89</sup> Unfortunately, they find it harder to obtain these resources because many businesses are reluctant to locate in lower-income areas. On average, residents of poor neighborhoods must travel more than 2 miles to have the same access to supermarkets, large drug stores, and banks as do residents of more affluent areas.<sup>90</sup>

Still, a lot of companies are taking a second look at marketing to the poor because of their large numbers. The economist C.K. Prahalad added fuel to this fire with his book *The Fortune at the Bottom of the Pyramid*, which argued big companies could profit and help the world's 4 billion poor or low-income people by finding innovative ways to sell them soap and refrigerators.<sup>91</sup>

Some companies get into these vast markets as they revamp their distribution systems or make their products simpler and less expensive. When Nestlé Brazil shrank the package size of its Bono cookies (no relation to the U2 singer) from 200 grams to 140 grams and dropped the price, sales jumped 40 percent. Unilever called a new soap brand Ala so that illiterate people in Latin America could easily recognize it. In Mexico, cement company CEMEX improved housing in poor areas after it introduced a pay-as-you-go system to buy building supplies.<sup>92</sup>

Muhammad Yunus, a Bangladeshi economist, won the 2006 Nobel Prize in Economics for pioneering the concept of **microloans**. His Grameen Bank loans small sums—typically less than \$100—to entrepreneurs in developing countries. Many of these go to “cell-phone women,” who rent time on the phones to others in their remote villages. The bank has issued about 6 million loans to date, and almost 99 percent of recipients repay them (compared to a 50 percent repayment rate for a typical bank in a developing country).<sup>93</sup>

others through our display of wealth or power. Veblen coined the term **conspicuous consumption** to refer to people's desires to provide prominent visible evidence of their ability to afford luxury goods. The material excesses of his time motivated Veblen's outlook. Veblen wrote in the era of the “robber barons,” where the likes of J. P. Morgan, Henry Clay Frick, and William Vanderbilt built massive financial empires and flaunted their wealth as they competed to throw the most lavish party. Some of these events were legendary, as this account describes:

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>84</sup>

Sounds like they really lived it up back in the old days, right? Well, maybe the more things change, the more they stay the same: The recent wave of corporate scandals involving companies such as AIG, Enron, WorldCom, and Tyco infuriated many consumers when they discovered that some top executives lived it up even as other employees were laid off. One account of a \$1 million birthday party the chief executive of Tyco threw for his wife is eerily similar to a robber baron shindig: The party reportedly had a gladiator theme and featured an ice sculpture of Michelangelo's David with vodka streaming from his penis into crystal glasses. The company also furnished the executive's New York apartment with such “essentials” as a \$6,000 shower curtain, a \$2,200 gilt wastebasket, and a \$17,100 “traveling toilette box.”<sup>85</sup>

This phenomenon 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, such an attitude reflects a desire to link oneself to ownership or control of the means of production, rather than to the production itself. Those who control these resources, therefore, avoid any evidence they actually have to work for a living, as the term the *idle rich* suggests.

To Veblen, wives are an economic resource. He criticized the “decorative” role of women as rich men showered them with expensive clothes, pretentious homes, and a life of leisure as a way to advertise their own wealth (note that today he might have argued the same for a smaller number of husbands). Fashions such 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 labor. Similarly, the Chinese practice of foot-binding prevented female members of the aristocracy from walking, and servants carried them from place to place.

Veblen's inspiration came from anthropological studies he read of the Kwakiutl Indians, who lived in the Pacific Northwest. At a *potlatch* ceremony, the host showed off his wealth and gave extravagant presents to the guests. The more he gave away, the greater his status. Sometimes, the host employed an even more radical strategy to flaunt his wealth. He would publicly *destroy* some of his property just to demonstrate how much he had.

And the plot thickens: Because guests had to reciprocate by giving a gift of equal value, the host could humiliate a poorer rival with an invitation to a lavish potlatch. The hapless guest would eventually be forced into bankruptcy because he needed to give away as much as the host, even though he could not afford it. 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 dip into their retirement savings to do it.

Like the *potlatch* ritual, in modern times our desire to convince others we have a surplus of resources creates the need for us to exhibit the evidence that we do. Accordingly, we may prioritize consumption activities that use up as many resources as possible in nonconstructive pursuits. This *conspicuous waste*, in turn, shows others that we have the assets to spare. Veblen wrote, “We are told of certain



## CB AS I LIVE IT

Shannon Fuller, *College of St. Joseph's*

As I live in a world full of *status symbols*, it is extremely hard not to get caught up in the mess of who's who and where everyone ranks in a certain social class. Even in a small town like Rutland, Vermont status still plays a major role in the life of teenagers. Growing up I had three siblings, two of which are also girls. So like every moderate income family that meant lots of hand-me-down clothes, especially because one of my sisters is only thirteen months older than I. This meant a lot of my outfits were already put on display once or twice before, therefore the only way for me to produce a style of my own was to get a job. At the age of fourteen I started my first job at McDonald's.

Jobs are also a status symbol, which meant I was not very high on the list. As the years through high school went on I struggled to maintain a status higher than most kids but I was not popular by any means. I moved on to a better job at a gym and then a furniture store. I was average, I was everyone's friend and I could float among every different group but that didn't place me in any type of status either. The age finally set in where cars, boys, and clothes were on the top of my list. I somehow lucked out and convinced my parents to let me have their car and my mom got a new one. So not only did I have a nicer car than my older sister but I had a nicer car than most of my friends. As the years went on my car and I got older together and three years later I graduated high school. Now I am in college and it is amazing how status symbols change with a complete 360.

Status is now more of who has a higher GPA along with other materialistic items but it is important to be known and top of the class. I still have my same old Honda, but I maintain a positive role in the business department as secretary of Business Club and now just recently voted in as Vice President for the upcoming year. However status means next to nothing now that I realized there is a much bigger picture in life. My GPA is one point away from a perfect 4.0 but the time has arrived where I have realized it is not about the materialist things in life so much anymore. It is about friends, family, and finding happiness in yourself as well as others. To many people status is everything and will remain everything but to me status is what you make it. So I choose to make it nothing and without status, I could not be happier.

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>87</sup>

As the competition to accumulate status symbols escalates, sometimes the best tactic is to switch gears and go in reverse. One way to do this is to deliberately *avoid* status symbols—that is, to seek status by mocking it. Social scientists call this sophisticated form of conspicuous consumption **parody display**.<sup>88</sup> Hence, the popularity of old, ripped blue jeans (or more likely the ones companies stonewash so they look old and ripped), “utility” vehicles such as Jeeps among the upper classes (like the Caldwells), and brands with a strong blue-collar heritage like Von Dutch truckers' hats and Red Wing boots.

### How Do We Measure Social Class?

Because social class is a complex concept that depends on a number of factors, it is not surprising that social scientists disagree on the best way to measure it. Early measures included the Index of Status Characteristics from the 1940s and the Index of Social Position from the 1950s.<sup>94</sup> These indices combined individual characteristics (e.g., 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; a study claimed that for segmentation purposes, raw education and income measures work as well as composite status measures.<sup>95</sup> Figure 12.3 shows one commonly used measurement instrument.

American consumers generally have little difficulty placing themselves in either the working class (lower-middle class) or middle class.<sup>96</sup> The proportion of consumers who identify themselves as working class tended to rise until about 1960, but it has declined since then. Blue-collar workers with relatively high-prestige jobs still tend to view themselves as working class, even though their income levels are equivalent to

### Marketing Pitfall



Men as trophies? In recent years the tables have turned as older women—who increasingly boast the same incomes and social capital as their male peers—seek out younger men as arm candy. These so-called **cougars** are everywhere; surveys estimate that about one-third of women over age 40 date younger men. One self-professed cougar explained the appeal: “The mentality of having a youthful person on your arm who makes you feel good, who makes you feel ageless, makes you feel desired and desirable.” This trend gets carried to the next level at an annual speed-dating event that pairs rich older women with hot younger guys. The “sugar mamas” have to be over age 35 and earn at least \$500,000 a year or have a minimum of \$4 million in liquid assets. A matchmaker selected 20 “boy toys” out of 5,000 men who applied to meet the cougars.<sup>86</sup>



Ripped jeans (especially the pricey kind that come that way when you buy them) are an example of parody display.

Source: Courtesy of Stock Boston/Photo by Bob Kramer.



many white-collar workers.<sup>97</sup> This fact reinforces the idea that the labels of “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 we can distinguish people from different social classes from one another. Some of these class distinctions still exist, but—as we saw earlier—others including brand preferences have changed. Unfortunately, many of these measures are badly dated and are not as valid today.<sup>98</sup>

One reason is that social scientists designed most measures of social class with the traditional nuclear family in mind; this unit included a male wage earner in the middle of his career and a female full-time homemaker. These measures have trouble accounting for two-income families, young singles living alone, or households headed by women, which as we saw in Chapter 11 are so prevalent today.

Another problem with measuring social class is the increasing anonymity of our society. Earlier studies relied on the *reputational method*, where researchers conducted extensive interviews within an area to determine the reputations and backgrounds of individuals (see the discussion of *sociometry* in Chapter 10). When they used information and also traced people’s interaction patterns, they could generate a very comprehensive view of social standing within a community. However, 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 interviewer’s subjective impressions of each person’s possessions and standard of living.

As an example, refer to the items in Figure 12.3. Note that the accuracy of this questionnaire relies largely on the interviewer’s judgment, especially regarding the quality of the respondent’s neighborhood. The interviewer’s own circumstances can bias these impressions because they can affect her standard of comparison. Furthermore, the instrument uses highly subjective terms: “Slummy” and “excellent” are not objective measures. These potential problems highlight the need to adequately train interviewers, as well as for some attempt to cross-validate such data, possibly by employing multiple judges to rate the same area.

Figure 12.3 EXAMPLE OF A COMPUTERIZED STATUS INDEX

Interviewer circles code numbers (for the computer) that in his/her judgment best fit the respondent and family. Interviewer asks for detail on occupation, then makes rating. Interviewer often asks the respondent to describe neighborhood in own words. Interviewer asks respondent to specify income—a card is presented to the respondent showing the eight brackets—and records R's response. If interviewer feels this is overstatement or understatement, a "better judgment" estimate should be given, along with an explanation.

<b>EDUCATION:</b>	Respondent	Respondent's Spouse
Grammar school (8 yrs or less)	-1	-1
Some high school (9 to 11 yrs)	-2	-2
Graduated high school (12 yrs)	-3	-3
Some post high school (business, nursing, technical, 1 yr college)	-4	-4
Two, three years of college—possibly Associate of Arts degree	-5	-5
Graduated four-year college (B.A./B.S.)	-7	-7
Master's or five-year professional degree	-8	-8
Ph.D. or six/seven-year professional degree	-9	-9

R's  
Age  
\_\_\_\_\_

Spouse's  
Age  
\_\_\_\_\_

**OCCUPATION PRESTIGE LEVEL OF HOUSEHOLD HEAD:** Interviewer's judgment of how head of household rates in occupational status.  
(Respondent's description—asks for previous occupation if retired, or if R is widow, asks husband's: \_\_\_\_\_)

Chronically unemployed—"day" laborers, unskilled; on welfare	-0
Steadily employed but in marginal semiskilled jobs; custodians, minimum pay factory help, service workers (gas attendants, etc.)	-1
Average-skill assembly-line workers, bus and truck drivers, police and firefighters, route deliverymen, carpenters, brickmasons	-2
Skilled craftsmen (electricians), small contractors, factory foremen, low-pay salesclerks, office workers, postal employees	-3
Owners of very small firms (2-4 employees), technicians, salespeople, office workers, civil servants with average-level salaries	-4
Middle management, teachers, social workers, lesser professionals	-5
Lesser corporate officials, owners of middle-sized businesses (10-20 employees), moderate-success professionals (dentists, engineers, etc.)	-7
Top corporate executives, "big successes" in the professional world (leading doctors and lawyers), "rich" business owners	-9

**AREA OF RESIDENCE:** Interviewer's impressions of the immediate neighborhood in terms of its reputation in the eyes of the community.

Slum area: people on relief, common laborers	-1
Strictly working class: not slummy but some very poor housing	-2
Predominantly blue-collar with some office workers	-3
Predominantly white-collar with some well-paid blue-collar	-4
Better white-collar area: not many executives, but hardly any blue-collar either	-5
Excellent area: professionals and well-paid managers	-7
"Wealthy" or "society"-type neighborhood	-9

**TOTAL SCORE** \_\_\_\_\_

<b>TOTAL FAMILY INCOME PER YEAR:</b>				TOTAL SCORE
Under \$5,000	-1	\$20,000 to \$24,999	-5	
\$5,000 to \$9,999	-2	\$25,000 to \$34,999	-6	
\$10,000 to \$14,999	-3	\$35,000 to \$49,999	-7	
\$15,000 to \$19,999	-4	\$50,000 and over	-8	

Estimated Status \_\_\_\_\_

(Interviewer's estimate: \_\_\_\_\_ and explanation \_\_\_\_\_)

R's MARITAL STATUS: Married \_\_\_\_\_ Divorced/Separated \_\_\_\_\_ Widowed \_\_\_\_\_ Single \_\_\_\_\_ (CODE: \_\_\_\_\_)

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One problem when we assign any group of people to a social class is that they may not exhibit equal standing on all of the relevant dimensions. A person might come from a low-status ethnic group but have a high-status job, whereas another may live in a fancy part of town but he may not have finished high school. Social

scientists use the concept of **status crystallization** to assess the impact of social class inconsistency.<sup>99</sup> The logic is that when these indicators are not consistent stress occurs because the rewards from each part of such an “unbalanced” person’s life are variable and unpredictable. 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 he or she can’t meet. Some people find themselves in the not-unhappy position of making more money than we expect of those in their social class. This means they are *overprivileged*, a condition we define as an income that is at least 25 to 30 percent greater than the median for one’s class.<sup>100</sup> In contrast, *underprivileged* consumers, who earn at least 15 percent less than the median, must often allocate a big chunk of their income toward maintaining the impression that they occupy a certain status. For example, some people talk about being “house-poor;” they pay so much for a lavish home that they can’t afford to furnish it. Today many home owners unfortunately find themselves in this position. By the end of 2008 about 2.2 million U.S. homes were in foreclosure.<sup>101</sup>

We traditionally assume that husbands define a family’s social class, whereas wives must live it. Women achieve their social status through their husbands.<sup>102</sup> Indeed, the evidence indicates that physically attractive women do tend to “marry up” (*hierogamy*) in social class to a greater extent than attractive men do. 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>103</sup>

We must strongly question the accuracy of this assumption in today’s world. Many women now contribute equally to the family’s well-being, and they work in positions of comparable or even greater status than their spouses. Employed women tend to average both their own and their husband’s positions when they estimate their own subjective status.<sup>104</sup> Nevertheless, a prospective spouse’s social class is often an important “product attribute” when someone in the “marriage market” evaluates their options (as Phil and Marilyn found out).

### 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, for the most part marketers fail to use social-class information as effectively as they could because

- They ignore status inconsistency.
- They ignore intergenerational mobility.
- They ignore subjective social class (i.e., the class with which a consumer identifies rather than the one to which he or she actually belongs).
- They ignore consumers’ aspirations to change their class standing.
- They ignore the social status of working wives.

## CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

### 1 Both personal and social conditions influence how we spend our money.

The field of behavioral economics studies how consumers decide what to do with their money. Consumer confidence—the state of mind consumers have about their own personal situation, as well as their feelings about their overall eco-

nomics prospects—helps to determine whether they will purchase goods and services, take on debt, or save their money.

### 2 We group consumers into social classes that say a lot about where they stand in society.

A consumer’s social class refers to his or her standing in society. Factors including education, occupation, and income determine the class to which we belong.

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 consumers prefer some goods over others.

Although income is an important indicator of social class, the relationship is far from perfect. Factors such as place of residence, cultural interests, and worldview also determine social class. As income distributions change around the world, it is getting more difficult to distinguish among members of social classes—many products succeed because they appeal to a newly emerging group marketers call the mass class (people with incomes high enough to purchase luxury items, at least on a small scale).

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## REVIEW

- How have women contributed to the overall rise in income in our society?
- Define discretionary income.
- How does consumer confidence influence consumer behavior?
- What is a pecking order?
- What is social class? Is it different from income, and if so how?
- What is the difference between achieved and ascribed status?
- What is a chav?
- Describe what we mean by the term *mass class* and summarize what causes this phenomenon.
- Define social mobility and describe the different forms it takes.
- What one variable is the best indicator of social class? What are some other important indicators?
- Why is it that when a person earns more money his or her social class may not change?
- What are some of the problems we encounter when we try to measure social class?
- Define status crystallization and give an example.
- How does the *worldview* of blue-collar and white-collar consumers differ?
- What is a taste culture?
- Describe the difference between a restricted and an elaborated code. Give an example of each.
- What is cultural capital and why is enrolling in an etiquette class a way to accumulate it?
- How do you differentiate between “old money” versus “*nouveau riche*” consumers?
- What is conspicuous consumption? Give a current example.
- What is a current example of parody display?

3

**A person's desire to make a statement about his social class, or the class to which he hopes to belong, influences the products he likes and dislikes.**

Conspicuous consumption, where a person flaunts his status by deliberately using up valuable resources, is one way to “buy up” to a higher social class. *Nouveau riches*, whose relatively recent acquisition of income rather than ancestry or breeding accounts for their enhanced social mobility, are the most likely to do this.

We use status symbols (usually scarce goods or services) to communicate our standing to others. Parody display occurs when we seek status by deliberately avoiding fashionable products.

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## CONSUMER BEHAVIOR CHALLENGE

### DISCUSS

- 1 Sears, JCPenney, and Wal-Mart tried hard in recent years to upgrade their images and appeal to higher-class consumers. How successful have these efforts been? Do you believe this strategy is wise?
- 2 What are some of the obstacles to measuring social class in today's society? Discuss some ways to get around these obstacles.
- 3 What consumption differences might you expect to observe between a family we characterize as underprivileged and one whose income is average for its social class?
- 4 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?
- 5 In today's economy it's become somewhat vulgar to flaunt your money—if you have any left. Do you think this means that status symbols like luxury products are passé? Why or why not?

### APPLY

- 1 Use the status index in Figure 12.3 to compute a social-class score for people you know, including their parents, if possible. Ask several friends (preferably from different places) to compile similar information for people they know. How closely do your answers compare? If you find differences, how can you explain them?
- 2 Compile a list of occupations and ask a sample of students in a variety of majors (both business and non-

- 6 Thorstein Veblen argued that men used women as “trophy wives” to display their wealth. Is this argument still valid today?
- 7 This chapter observes that some marketers find “greener pastures” when they target 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 we encourage or discourage this segmentation strategy?
- 8 Status symbols are products we value because they show others how much money or prestige we have, such as Rolex watches or expensive sports cars. Do you believe that your peer group values status symbols? Why or why not? If yes, what are the products that you think are status symbols for consumers your age? Do you agree with the assertion in this chapter that a cell phone is a status symbol for many young people?

business) to rank the prestige of these jobs. Can you detect any differences in these rankings as a function of students' majors?

- 3 Compile a collection of 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?

## Case Study

### AFFORDING JUNK FOOD

The Los Angeles City Council's vote was unanimous. Construction of fast-food restaurants within 32 square miles of the low-income area of South Central Los Angeles would be prohibited for one year.

Why the severe action? It was an attempt by the City Council to improve the public health of its district's citizens. We have all seen the reports on increased adult and childhood obesity. Obesity-related diseases, including cardiovascular disease and type 2 diabetes, are on the rise. But this escalation is not spread evenly among all social classes. Research shows that low-income households exhibit higher levels of obesity than the general population. The factors leading to this outcome are complex and stem from a variety of sociocultural factors.

Low-income neighborhoods suffer from **food poverty**, according to Sustain, a London-based organization that ad-

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*Availability* addresses the choices and available products within the stores that people can visit. Inner-city convenience stores carry much less fresh fruit and produce than a supermarket. One study showed that fast-food restaurants exist in higher numbers in the poorer, black communities in New Orleans than in other neighborhoods in the city.

*Affordability* refers to the amount of money families have in their budget to spend on food. A study of a New York neighborhood showed that in the local stores, low-fat milk often cost more than regular milk. As more and more families feel the impact of the recession on their incomes, we can expect further reductions in the consumption of healthier—but more expensive—food. Many food marketers already report dramatic shifts in sales from higher-priced, healthier options to the lower-priced, less healthy options.

*Awareness* refers to the knowledge people have about nutrition and cooking, and the impact of the media on their food choices. One of the most thorough studies regarding obesity showed that low-income children watch more television than children in other income groups. Increased viewing means greater exposure to junk-food commercials. It is not only the number of ads children watch that makes the difference, it is also how they internalize the advertising

messages. Studies have shown that low-income children tend to view the people in the ads as authority figures and are more easily influenced by the advertisement.

## DISCUSSION QUESTIONS

- 1 Can consumption patterns be changed? What can be done to reverse the increase in obesity, especially among low-income children? Should the government follow the example of the Los Angeles City Council and take on a greater role in trying to change consumption patterns, or is education the most effective tool?
- 2 Discuss the ways that living in a low-income neighborhood contributes to higher obesity rates.
- 3 In addition to television, why is it that marketers can reach these households so effectively with messages for unhealthy snack foods?

Sources: Jenny Wiggins, "Cheaper Food Buying Raises Obesity Fears," *Financial Times* (November 21, 2008): 4; Shiriki Kumanyika and Sonya Grier, "Targeting Interventions for Ethnic Minority and Low-Income Populations," *The Future of Children* 16, no. 1 (Spring 2006): 187–207; *The Economist*, (February 28, 2009): 4; www.sustainweb.org/page.php?id=187, accessed May 15, 2009.

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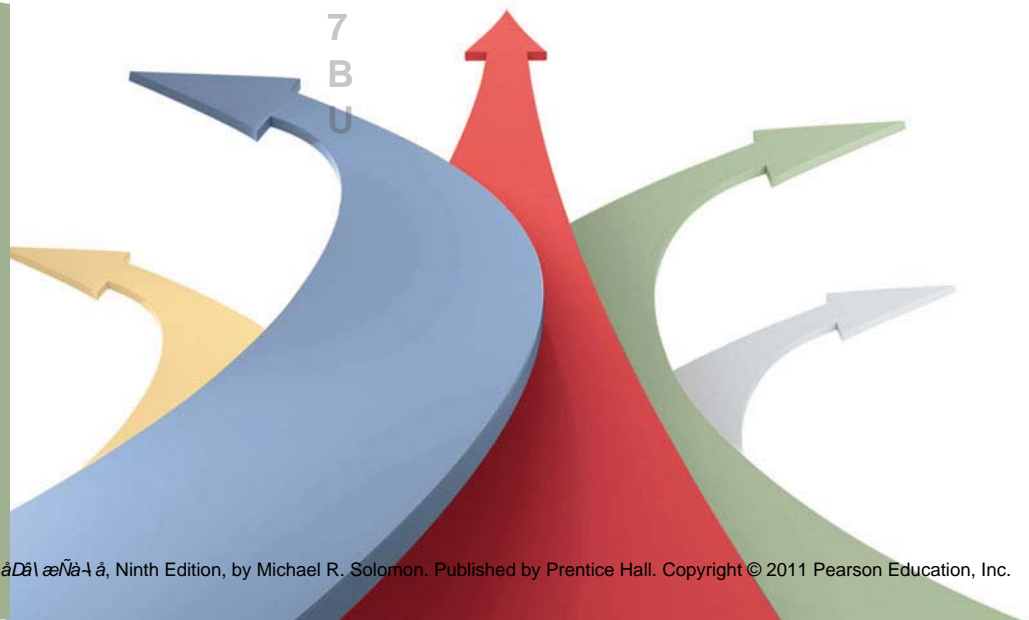


# 13

## Ethnic, Racial, and Religious Subcultures

### Chapter Objectives

- When you finish this chapter you will understand:**
- 1 Why does our identification with microcultures that reflect a shared interest in some organization or activity also influence what we buy?
  - 2 Why do our memberships in ethnic, racial, and religious subcultures often guide our consumption behaviors?
  - 3 How do many marketing messages appeal to ethnic and racial identity?
  - 4 Why are African Americans, Hispanic Americans, and Asian Americans the three most important ethnic/racial subcultures in the United States?
  - 5 Why do marketers increasingly use religious and spiritual themes when they talk to consumers?





*M*aria wakes up early on Saturday morning and braces herself for a long day of errands and chores. As usual, her mother is at work and expects Maria to do the shopping and help prepare dinner for the big family gathering tonight. Of course, her older brother José would never be asked to do the grocery shopping or help out in the kitchen—these are women’s jobs.

Family gatherings make a lot of work, and Maria wishes that her mother would use prepared foods once in a while, especially on a Saturday when Maria has an errand or two of her own to do. But no, her mother insists on preparing most of her food from scratch. She rarely uses any convenience products to ensure that the meals she serves are of the highest quality.

Resigned, Maria watches a *telenovela* (soap opera) on Univision while she dresses, and then she heads down to the *carnicería* (small grocery store) to buy a newspaper—there are almost 40 different Spanish newspapers published in her area, and she likes to pick up new ones occasionally. Then Maria buys the grocery items her mother wants. The list is full of well-known brand names that she gets all the time, such as Casera and Goya, so she’s able to finish quickly. With any luck, she’ll have a few minutes to go to the *mercado* (shopping center) to pick up that new Reggaeton CD by Daddy Yankee. She’ll listen to it in the kitchen while she chops, peels, and stirs.

Maria smiles to herself: Los Angeles is a great place to live and what could be better than spending a lively, fun evening with *la familia*.

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## The Tangled Web



King for a day? Sure, the Internet allows people to form their own microcultures—but how about your own nation? Numerous “micronations” exist in cyberspace, some complete with their own monarchs and constitutions. Here’s a sampler of these cybermicrocultures:<sup>3</sup>

- *The Kingdom of Talossa (kingdomoftalossa.net)*—The King of Talossa lives with his father and sister near the University of Wisconsin–Milwaukee campus. At age 14 (more than 20 years ago), he proclaimed his bedroom a sovereign nation. The name of the country comes from a Finnish word meaning “inside the house.” The roughly 60 citizens of Talossa have a body of law, four political parties, an online journal, local holidays, and even a flag. They also have their own language and maintain a dictionary with 28,000 entries.
- *The Principality of Freedonia (freedonia.org)*—This micronation is a Boston-based collective of libertarians. Its monarch is a former Babson College student who goes by the name of Prince John I. Members have minted their own line of currency, but for now the capital of the country is Prince John’s house.
- *The Principality of New Utopia (new-utopia.com)*—This micronation proposes to build a chain of islands in international waters and sells citizenship bonds over the Web for \$1,500. The country’s founder goes by the name of Prince Lazarus Long. Buyer beware: The Prince does not have the best of diplomatic relations with the Securities Exchange Commission because of these sales.

Want to start your own micronation? Visit [geocities.com/micronations](http://geocities.com/micronations) for instructions. All hail the King!

## 1

### OBJECTIVE

Why does our identification with microcultures that reflect a shared interest in some organization or activity also influence what we buy?

## Subcultures, Microcultures, and Consumer Identity

*Si*, Maria lives in Los Angeles, not Mexico City. More than one in four Californians are Hispanic, and overall the state has more nonwhite than white residents. In fact, more people watch Spanish-language Univision in LA than any other network.<sup>1</sup>

Maria and other Hispanic Americans have much in common with members of other racial and ethnic groups who live in the United States. They observe the same national holidays, the country’s economic health affects what they spend, and they may root for Team USA in the Olympics. Nonetheless, although American citizenship provides the raw material for some consumption decisions, enormous variations in the social fabric of the country profoundly affect many others. The United States truly is a “melting pot” of hundreds of diverse groups, from Italian and Irish Americans to Mormons and Seventh-Day Adventists.

Our group memberships *within* our society-at-large help to define us. A **subculture** is a group whose members share beliefs and common experiences that set them apart from others. Every one of us belongs to many subcultures, depending on our age, race, ethnic background, or place of residence. Maria’s Hispanic heritage exerts a huge influence on her everyday experience and consumption preferences.

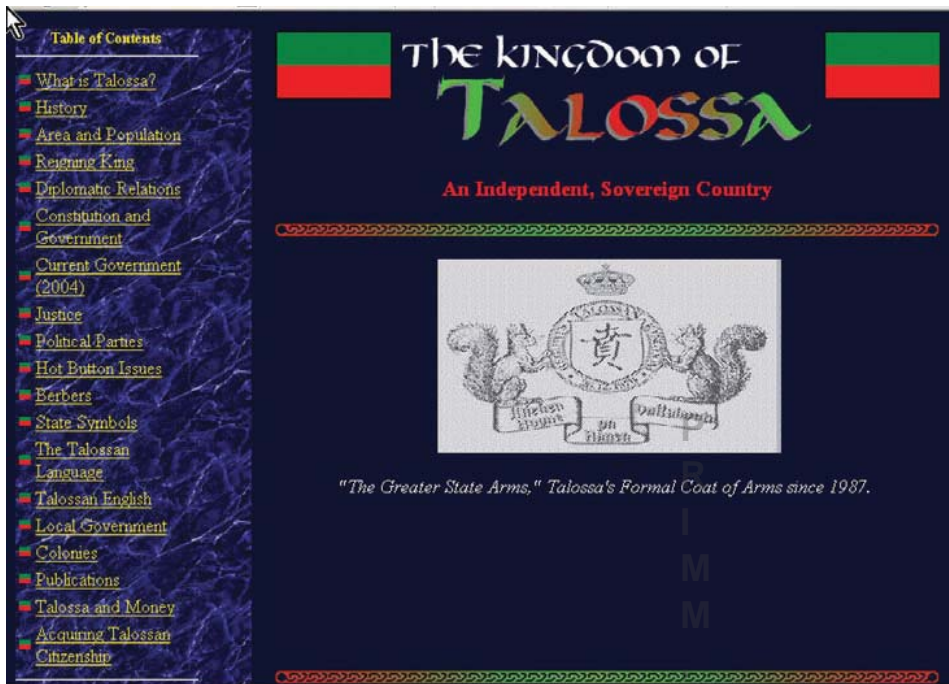
In contrast to larger, demographically based subcultures (that Nature usually determines), people who are part of a **microculture** freely identify with a lifestyle or aesthetic preference. A good example is the microculture automobile hobbyists call “Tuners.” These are single men in their late teens and early 20s, usually in Latino or Asian communities, who share a passion for fast cars, high-tech auto upgrades, and specialized car parts. This microculture started with late-night meets among illegal street racers in New York and LA. Now, Tuners are more mainstream magazines including *Import Tuner* and *Sport Compact Car* and major companies such as Pioneer eagerly court these high-tech hot-rodders. A commercial the Honda Civic targeted to Hispanic American consumers showed a fleet of cars in different colors with customized features such as chrome rims and tinted windows.<sup>2</sup>

Whether Tuners, Dead Heads, or skinheads, each microculture exhibits its own unique set of norms, vocabulary, and product insignias. At the online Redneck Bank (“where bankin’s funner”), you can take care of your “personal bankin’ bidness” and earn Redneck Rewards.<sup>4</sup> A study of contemporary “mountain men” in the western United States illustrates the binding influence of a microculture on its members. Researchers found that group members shared a strong sense of identity they expressed in weekend retreats, where they reinforced these ties authentic items like as they used *tipis*, buffalo robes, buckskin leggings, and beaded moccasins to create a sense of community among fellow mountain men.<sup>5</sup>

These microcultures often gel around fictional characters and events, and play a key role to define the extended self (see Chapter 5). Many devotees of *Star Trek*, for example, immerse themselves in a make-believe world of starships, phasers, and Vulcan mind melds. Our microcultures typically command fierce loyalty: *Star Trek* fans are notorious for their devotion to the cause, as this excerpt from a fan’s e-mail illustrates:

I have to admit to keeping pretty quiet about my devotion to the show for many years simply because people do tend to view a *Trek* fan as weird or crazy. . . . [after attending her first convention she says] Since then I have proudly worn my Bajoran earring and not cared about the looks I get from others. . . . I have also met . . . other *Trek* fans and some of these people have become very close friends. We have a lot in common and have had some of the same experiences as concerns our love of *Trek*.<sup>6</sup>

*Star Trek* is a merchandising empire that continues to beam up millions of dollars in revenues. Needless to say, it’s not alone in this regard. Numerous other microcultures are out there; they thrive on their collective worship of mythical and not-so-mythical worlds and characters that range from the music group Phish to Hello Kitty.



The Kingdom of Talossa home page.  
Courtesy of Kingdom of Talossa.

Trend trackers find some of the most interesting—and rapidly changing—microcultures in Japan, where young women start many trends that eventually make their way around the world (more on this in Chapter 16). One is *Onna Otaku* (she-nerds)—girls who get their geek on as they stock up on femme-friendly comics, gadgets, and action figures instead of makeup and clothes. Another is the growing **cosplay** movement, a form of performance art in which participants wear elaborate costumes that represent a virtual world avatar or other fictional character. These outfits often depict figures from *manga*, *anime*, or other forms of graphic novels but they can also take the form of costumes from movies such as *The Matrix*, *Star Wars*, *Harry Potter*, or even *Ace Ventura: Pet Detective* (cosplay cafés in Tokyo feature waitresses who dress as maids). This role-playing subculture appears in various forms in Western culture as well, whether at *anime* or comic conventions, in the popular Goth subculture or as a form of sexual role-playing (e.g., women who dress in nurse's uniforms).<sup>7</sup>

2

## OBJECTIVE

Why do our memberships in ethnic, racial, and religious subcultures often guide our consumption behaviors?

## Ethnic and Racial Subcultures

An **ethnic subculture** is a self-perpetuating group of consumers who share common cultural or genetic ties, where both its members and others recognize it as a distinct category.<sup>8</sup> In some countries like Japan, ethnicity is virtually synonymous with the dominant culture because most citizens claim the same homogenous cultural ties (although even Japan has sizable minority populations, most notably people of Korean ancestry). In a heterogeneous society such as the United States, which incorporates many different cultures, consumers expend great effort to keep their subcultural identification from being submerged into the mainstream of the dominant society.

Marketers cannot ignore the stunning diversity of cultures that reshape mainstream society. Ethnic minorities spend more than \$600 billion a year on products and services, so firms must tailor products and communications strategies to their unique needs. And this vast market continues to grow: Immigrants now make up 10 percent of the U.S. population and will account for 13 percent by 2050.<sup>9</sup> The U.S. Census calculates that by 2042 Americans who identify themselves as Hispanic, Black, Asian, American Indian, Native Hawaiian, and Pacific Islander will together outnumber

non-Hispanic whites. And the Census Bureau predicts that by 2050 people who identify themselves as multiracial will make up almost 4 percent of the U.S. population.<sup>10</sup>

This important change encourages advertisers to rethink their old strategies, which assumed that virtually all of their customers were Caucasians who hailed from Western Europe. For example, as part of Crest toothpaste's fiftieth-anniversary celebration, Procter & Gamble revived its "Crest Kid," who first appeared as an apple-cheeked urchin Norman Rockwell illustrated in 1956. Now, a Cuban-born girl plays the character. An independent panel chose her because of her sparkling smile, but it's significant that this mainstream American figure now is Hispanic.<sup>11</sup>

It makes good business sense to cater to these segments by (literally) speaking their language when promoting products and services: Surveys repeatedly show that members of ethnic groups get much of their product information from specialized ethnic media—one found that 63 percent of ethnic Californians watch native-language TV daily, and a third of them also read an ethnic newspaper at least once a week.<sup>12</sup> The advertisements that people who view these media see ideally should match up with the way they communicate in daily life.

One important subcultural difference is how abstract or literal the group is. Sociologists make a basic distinction: In a **high-context culture**, group members tend to be tightly knit, and they infer meanings that go beyond the spoken word. Symbols and gestures, rather than words, carry much of the weight of the message. In contrast, people in a **low-context culture** are more literal. Compared to Anglos (who tend to be low-context), many minority cultures are high-context and have strong oral traditions, so consumers are more sensitive to nuances in advertisements that go beyond the message copy.<sup>13</sup>



### OBJECTIVE

How do many marketing messages appeal to ethnic and racial identity?

### Ethnicity and Marketing Strategies

Although some people feel uncomfortable with the notion that marketers should explicitly take into account people's racial and ethnic differences when they formulate their strategies, the reality is that these subcultural memberships do shape many needs and wants. Research indicates, for example, that members of minority groups find an advertising spokesperson from their own group more trustworthy, and this enhanced credibility in turn translates into more positive brand attitudes.<sup>14</sup>

However, marketers need to avoid the temptation to paint all members of an ethnic or racial group with the same brush; these generalizations not only are inaccurate but they also are likely to turn off the very people a company wants to reach.<sup>15</sup>

Although ethnic marketing is in vogue, it's not always so easy to actually define and target members of a distinct ethnic group in our "melting pot" society. In the 2000 U.S. Census, some 7 million people identified with two or more races; they refused to describe themselves as only white, black, Asian, Korean, Samoan, or one of the other racial categories the survey included.<sup>18</sup>

The popularity of golfer Tiger Woods illuminates the complexity of ethnic identity in the United States. Although we laud Tiger as an African American role model, in reality he is a model of multiracialism. His mother is Thai, and he also has Caucasian and Indian ancestry. Other popular multiracial celebrities include actor Keanu Reeves (Hawaiian, Chinese, and Caucasian), singer Mariah Carey (African American, Venezuelan, and Caucasian), and Dean Cain of *Superman* fame (Japanese and Caucasian).<sup>19</sup>

Products that companies market with an ethnic appeal are sometimes used by consumers outside of that subculture. **Deethnicization** occurs when a product we associate with a specific ethnic group detaches itself from its roots and appeals to other groups as well. Think about the popularity of bagels, a staple of Jewish cuisine that's mass marketed today. Recent variations include jalapeño bagels, blueberry bagels, and even a green bagel for St. Patrick's Day.<sup>20</sup> Bagels now account for 3 to 6 percent of all American breakfasts, and bagel franchisers such as Bruegger's



## CB AS I SEE IT

Professor Sonya Grier, *American University*

What are the social implications when marketers focus their efforts on specific consumer groups in our increasingly multicultural societies? Target marketing is at the heart of an effective marketing strategy, and it's driven by the recognition that a "one size fits all" approach to marketing no longer works among diverse, sophisticated consumers. Targeted strategies may attempt to affect commercial behavior (e.g., "buy this product") or social behavior (e.g., "increase fruit and vegetable consumption to reduce weight gain") or some combination of the two (e.g., "buy this product and 10 percent of profits go to charity"). Increased competitiveness, product proliferation, and changing economic conditions make it more challenging for marketers to reach those who are potential consumers of their products and services.

Moreover, the emphasis of social marketing as an agent of behavior change has increased the use of target marketing as a tool to address the growing array of social challenges among specific consumer groups. My research investigates the "how" and "to what effect" of target marketing strategies directed at consumers defined by race and ethnicity, especially African Americans. I study diverse domains (e.g., obesity, ethnic product crossover, cancer prevention, and service discrimination) to converge on an understanding of the influence of targeted marketing, both positive and negative, on society.

My initial work in this area asked, "How do consumers respond to targeted advertisements when they are (or *are* not) a member of the targeted group?" Research showed that people used different psychological processes to interpret a racially targeted advertisement, and had different attitudes toward those ads, depending on their own race, the social status of their racial group, and their familiarity with other racial groups.<sup>16</sup> These findings led me to consider how target marketing, with its emphasis on providing different prices, promotions, and access to different consumer segments, might create different marketing environments among targeted consumers and serve as a countervailing force for the socially beneficial behavior changes intended by social marketing efforts.

Currently I am exploring how target marketing may contribute to, as well as help resolve, health disparities between members of ethnic minority and majority groups, with a focus on obesity. The prevalence of obesity in African American and Hispanic children and adults tends to be substantially higher than in white Americans. We know that this disparity is not due solely to differences in income or education, although those factors do play a role. Social marketing programs aimed at obesity prevention often promote the increased intake of healthy foods and decreased intake of less healthy foods. What, then, is the role of target marketing of these less healthy foods in the effectiveness of such strategies (i.e., does it "prevent prevention?"). In a systematic review of the marketing environment of African Americans, a colleague and I found that targeted food marketing

strategies, in the aggregate, may challenge the ability of African American consumers to eat healthfully.<sup>17</sup> Marketers' promotional strategies directed toward African Americans emphasize the awareness of low-cost, low-nutrition food products such as candy, soda, and snacks and are less likely to contain health-oriented messages. We also found that distribution and pricing strategies may constrain the ability of African American consumers to purchase healthy food. It is certainly a challenge for any consumer to eat healthfully when their choices are constrained.

My ongoing research further examines how targeted marketing may be used to encourage more health-oriented behaviors at a community level. Such strategies will entail changing not only individual dietary habits, but also support communities when they advocate for increased health-supporting targeted marketing. I am also exploring interactive targeting efforts. As technological advances change the process of targeted marketing, it is important to understand whether consumers' response facilitates or hinders important health behaviors. I believe that through understanding unintended consequences of target marketing, especially aggregate effects among particular target segments, target marketing can be a beneficial strategy for commercial and social marketers alike, and can help address important social challenges. I hope my research contributes to this understanding and to the design of more socially responsible marketing practices, effective social marketing efforts, and conscious, equitable marketplaces worldwide.



## CB AS I LIVE IT

**Brad Zak**, *Boston College*

In an effort to be more marketable to the masses, a lot of companies go through a process of *deethnicization*. When considering a nation as diverse as America, plenty of products get taken from original roots and warped into a more palatable version for the public. Sometimes it may be in an effort to be more politically correct, but in that effort cultural identities become lost and overall quality becomes sacrificed.

When it comes to favorite foods, there might be nothing I enjoy more than a fresh slice of pizza straight out of the oven. However, deethnicization continues to demean the overall quality of this timeless classic. For years, pizza had stayed true to its Italian culture and been a specialty dish of many Italian restaurants. Then with companies such as Domino's and Pizza Hut an era of commercialization dawned on the delicious pizza treat. Pizza was no longer a uniquely Italian food, but a far inferior concoction bastardized by American culture.

Living on a college campus, my food decisions are often based on cost and time because I am never to

able to plan ahead for late night hunger needs. The companies around campuses know this and put more resources toward quicker delivery that could be put toward quality. I've complained often about how I can't find a good slice of pizza around my college campus because everything seems as if it was hastily microwaved and thrown into a box before it was delivered to me. Good pizza has become a rarity in my life that I don't feel I deserve. Deethnicization of the pizza industry may have made it more profitable but in that process taste has been kicked to the curb to sit alongside Little Caesar.

### The Tangled Web



The release of several popular video games underscores the concern of some critics who argue

that these games play on racial stereotypes, including images of African American youths who commit violent street crimes:

- *Grand Theft Auto—San Andreas* is set in a city that resembles gang-ridden stretches of Los Angeles of the 1990s. It features a digital cast of African American and Hispanic men, some who wear braided hair and scarves over their faces and aim Uzis from low-riding cars.
- *Def Jam Fight for NY* features hip-hop-style characters (one with the voice of the rapper Snoop Dogg) who slap, kick, and pummel one another in locations such as the 125th Street train station in Harlem.
- *25 to Life* is an “urban action game” that includes a hip-hop soundtrack. It lets gamers play the role of police officers or criminals, and includes lots of images of young gun-toting African American gangsters.

Corporation and the Einstein/Noah Bagel Corporation operate hundreds of stores in cities that had never heard of a bagel just a few years ago.<sup>21</sup>

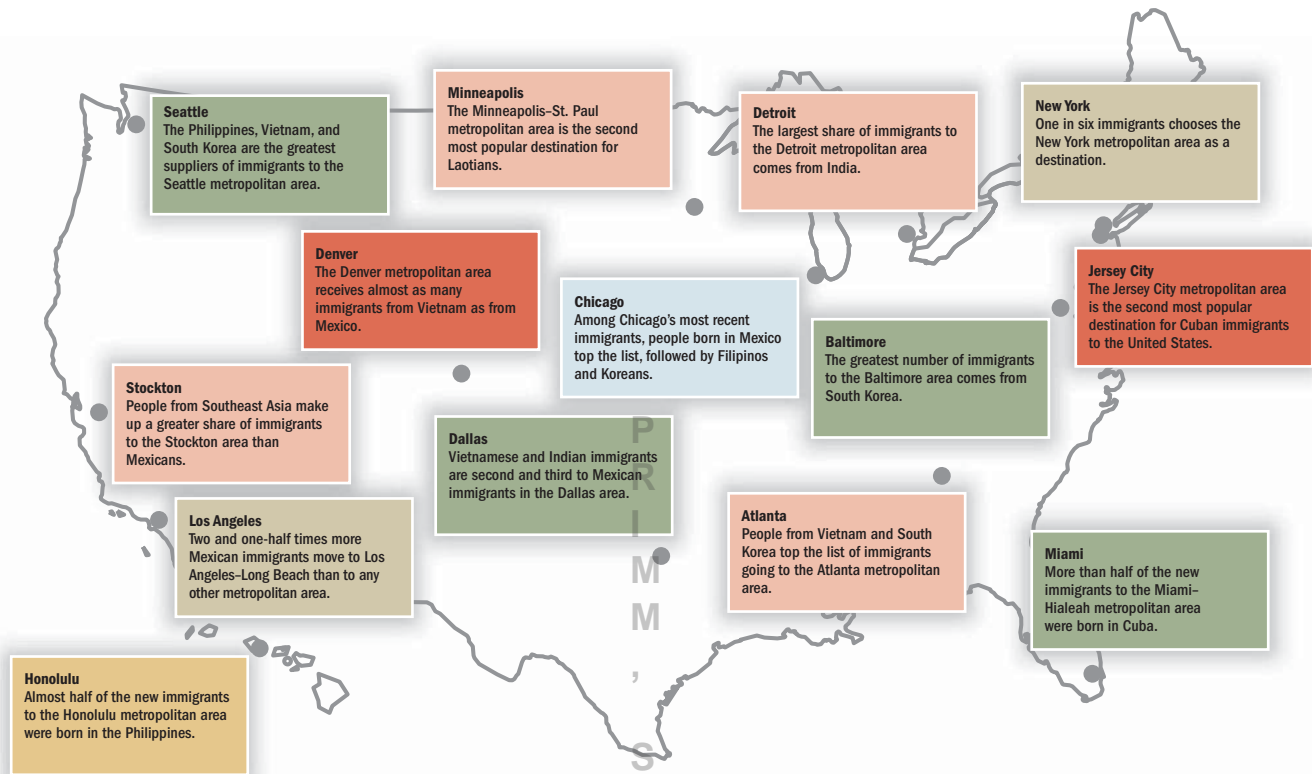
The dominant American culture historically exerted pressure on immigrants to divest themselves of their origins and integrate with mainstream society. As President Theodore Roosevelt put it in the early part of the twentieth century, “We welcome the German or the Irishman who becomes an American. We have no use for the German or the Irishman who remains such.”<sup>22</sup>

Indeed, there is a tendency for ethnic groups with a relatively longer history in the United States to view themselves as more mainstream as they relax their identification with their country of origin. When the 2000 U.S. Census asked respondents to write up to two ancestries that defined their background, the results showed a clear decline in the number of people who identified themselves as of Irish, German, or other European origin. Compared to other subcultures, more people from these countries simply choose to call themselves “American.”<sup>23</sup>

The bulk of American immigrants historically came from Europe, but immigration patterns have shifted dramatically. New immigrants are much more likely to be Asian or Hispanic. As these new waves of immigrants settle in the United States, marketers try to track their consumption patterns and adjust their strategies accordingly. It's best to market to these new arrivals—whether Arabs, Asians, Russians, or people of Caribbean descent—in their native languages. They tend to cluster together geographically, which makes them easy to reach. The local community is the primary source for information and advice, so word of mouth is especially important (see Chapter 10). Figure 13.1 shows how new waves of immigrants are changing the ethnic composition of major American cities.

### Ethnic and Racial Stereotypes

A controversial television commercial for [Salesgenie.com](http://Salesgenie.com) that ran during Super Bowl XLII in 2008 illustrates how marketers (intentionally or not) use ethnic and racial stereotypes to craft promotional communications. The spot featured two animated pandas who speak in heavy Chinese accents. After complaints from viewers, the company withdrew the commercial.<sup>24</sup>



**Figure 13.1** AMERICA'S NEWEST MARKETS

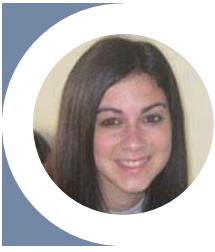
Many subcultures have powerful stereotypes the general public associates with them. In these cases outsiders assume that group members possess certain traits. Unfortunately, a communicator can cast the same trait as either positive or negative, depending on his or her biases or intentions. For example, the Scottish stereotype in the United States is largely positive, so we tend to look favorably on their (supposed) frugality. 3M uses Scottish imagery to denote value (e.g., Scotch tape), as does the Scotch Inns, a motel chain that offers inexpensive lodging. However, the Scottish “personality” might carry quite different connotations to the British or Irish. One person’s “thrifty” is another’s “stingy.”

In the past, marketers used ethnic symbolism as shorthand to convey certain product attributes. They often employed crude and unflattering images when they depicted African Americans as subservient or Mexicans as bandits.<sup>26</sup> Aunt Jemima sold pancake mix and Rastus was a grinning black chef who pitched Cream of Wheat hot cereal. The Gold Dust Twins were black urchins who peddled a soap powder for Lever Brothers, and Pillsbury hawked powdered drink mixes via characters such as Injun Orange and Chinese Cherry—who had buck teeth.<sup>27</sup> As the Civil Rights Movement gave more power to minority groups and their rising economic status began to command marketers’ respect, these negative stereotypes began to disappear. Frito-Lay responded to protests by the Hispanic community and stopped using the Frito Bandito character in 1971, and Quaker Foods gave Aunt Jemima a makeover in 1989.

For more than 60 years, Mars’ Uncle Ben’s rice packages featured the black Uncle Ben character. He wore a bow tie evocative of servants and Pullman porters, and his title reflects how white Southerners once used “uncle” and “aunt” as honorary names for older African Americans because they refused to call the African Americans “Mr.” and “Mrs.” Mars revived the character, but he’s been remade as Ben, an accomplished businessman with an opulent office who shares his “grains of wisdom” about rice and life on the brand’s Web site.<sup>28</sup>

- *Notorious—Die to Drive* features “gangsta-style car combat” with players who compete to “rule the streets of four West Coast neighborhoods.” The game’s Web site proclaims, “High-priced honeys, the finest bling, and millionaire cribs are just some of the rewards for the notorious few who can survive this most dangerous game. Once you go Notorious, there’s no going back.”<sup>25</sup>





## CB AS I LIVE IT

Alexandra Solomon, *University of Georgia*

It started as a fantasy. My friend Sara and I schemed for months about making it come true but no one including ourselves actually considered it a realistic possibility. After all, who didn't dream about living in New York City for a whole summer? Then it happened. We both managed to secure internships for the summer and as we made our first payment for the NYU dorms it became a reality. This occurred in February, but living in a college town we got wrapped up in spring break planning and end-of-the-year celebrations so the idea that we would soon be moving to the Big Apple quickly escaped our minds. When May rolled around it hit us that we should probably start preparing for our big move. We both started packing our closets, with constant phone calls every five minutes consulting with one another about what to bring. What did girls wear in the north? The question lingered on our minds as we did our best to pack. Although I was born in New Jersey, I grew up in the deep south (Alabama to be exact). New York seemed like a foreign country to me, with the exception of the twice-a-year

visit to relatives who live outside of Manhattan. The extent of these visits was to the local T.G.I.F. restaurant and an occasional movie outing so I was completely oblivious to the fashions of the big city. Although we were clueless about what to bring, still we had no trouble filling two extra large duffels to start our voyage.

When we arrived in Manhattan, we soon realized that our nightmare of sticking out like a sore thumb would prove to be correct. It was clear that we dressed and acted differently, and were a little wary of being accepted by our two new roommates who were from the north. The four of us bonded instantly despite our differences and we decided to celebrate our first night in the city together. Sara and I panicked as we got ready and finally we decided to wait and see what our roommates wore before we selected our outfits. After we saw what they wore, we realized that our hopes of fitting in had gone down the drain. While they were dressed to the nines in their finest club gear, we appeared as if we were participating in sorority rush. Shrugging off the differences, we decided to go as we were, adorned in true southern style, proud as can be.

My experience as I tried to learn the ways of the northern culture exemplifies the process of

*acculturation*. Sara and I come from a completely different culture than the one we would be living in. In order to fit in the best we could, we realized we would have to carefully watch those around us and learn from them. While we obviously weren't going to change who we were, we managed to adapt to the culture around us and do our best to fit in. This chapter's description of acculturation mirrors our own experience and the way it has affected our consumer behavior.

Understanding acculturation and having experienced it firsthand has given me the tools I need in order to survive in cultures unlike my own. With our world changing around us at the pace it is, it is almost impossible to know where one will end up in the future. For this reason I believe it is vital to have an experience such as mine. It's very possible that in the future I could find myself in a culture that varies even more than the southern and northern United States (though when I walk through the streets of Greenwich Village I find this hard to imagine!). It is important for marketers to understand the concept of acculturation so that they can market products to consumers in different cultures while at the same time making those who are not used to that culture comfortable with their products.

### The Acculturation Process

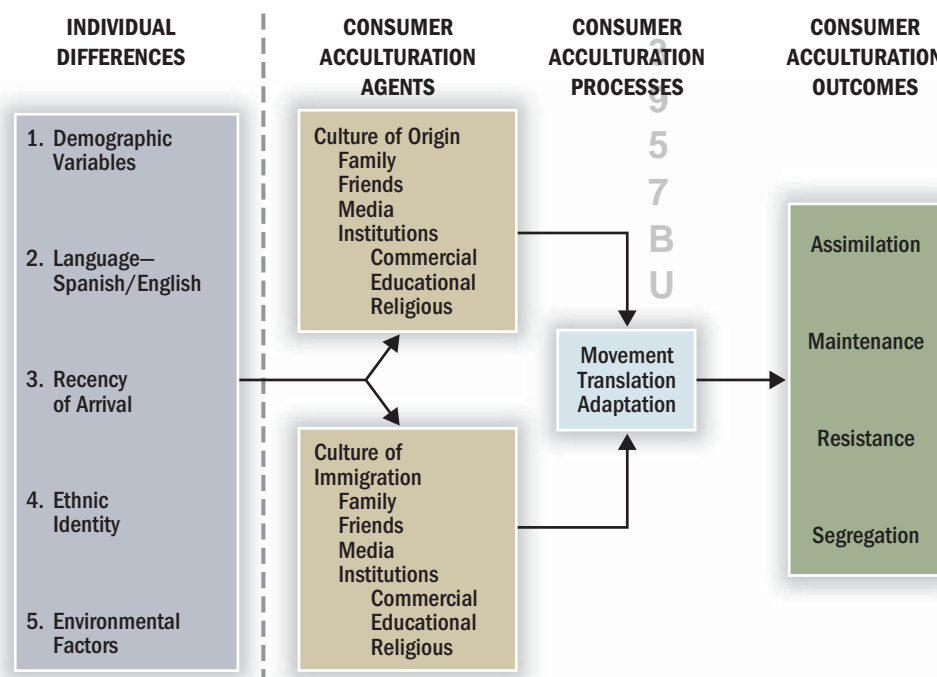
**Acculturation** is the process of movement and adaptation to one country's cultural environment by a person from another country.<sup>29</sup> This is a very important issue for marketers because of our increasingly global society. As people move from place to place, they may quickly assimilate to their new homes or they may resist this blending process and choose to insulate themselves from the mainstream culture. It's typical for a new arrival in the United States for example to feel ambivalence or conflict about relinquishing old ways (and consumer behaviors) for new ones. Home Depot segments its campaigns when the retailer speaks to the Hispanic market; it creates different ads for "acculturated Hispanics" (second- or third-generation Americans) than it shows to consumers who almost always speak Spanish.<sup>30</sup>

A study of Mexican immigrants that used the research technique of *ethnography* probed their acculturation as they adapted to life in the United States.<sup>31</sup> Indeed, af-

ter the researchers interviewed these people in their natural settings, they reported a lot of ambivalence. On the one hand, they are happy about the improvements in the quality of their lives because of greater job availability and educational opportunities for their children. On the other hand, they report bittersweet feelings about leaving Mexico. They miss their friends, their holidays, their food, and the comfort that comes from living in familiar surroundings. Another study looked at how Hispanic children responded to a campaign to promote oral hygiene cosponsored by the Boys and Girls Club of America and the American Dental Association. It reported that immigrants who are relatively less acculturated are more motivated to modify their behaviors in line with the campaign's suggestions because they view these changes as important tools for social acceptance.<sup>32</sup>

As Figure 13.2 shows, many factors affect the nature of the transition process. Individual differences, such as whether the person speaks English, influence how rocky the adjustment will be. The person's contact with **acculturation agents**—people and institutions that teach the ways of a culture—are also crucial. Some of these agents come from the *culture of origin* (in this case, Mexico), including family, friends, the church, local businesses, and Spanish-language media that keep the consumer in touch with his or her country of origin. Other agents come from the *culture of immigration* (in this case, America), and help the consumer to learn how to navigate in the new environment. These include public schools, English-language media, and government agencies.

Several processes come into play as immigrants adapt to their new surroundings. *Movement* refers to the factors that motivate people to physically uproot themselves from one location and go to another. In this case, people leave Mexico because of the scarcity of jobs and the desire to provide a good education for their children. On arrival, immigrants encounter a need for *translation*. This means they try to master a set of rules to operate in the new environment, whether they learn how to decipher a different currency or figure out the social meanings of unfamiliar clothing styles. This cultural learning leads to a process of *adaptation*, by which people form new consumption patterns. For example, some of the Mexican women in the study started to wear shorts and pants once they settled in the United States although people in Mexico frown on this practice.



**Figure 13.2** A MODEL OF CONSUMER ACCULTURATION

Source: Lisa Peñaloza, "Atravesando Fronteras/Border Crossings: A Critical Ethnographic Exploration of the Consumer Acculturation of Mexican Immigrants," *Journal of Consumer Research* (June 1994): 32–54. Copyright © 1994 JCR, Inc. Used by permission of University of Chicago Press.

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## Marketing Pitfall



The mass merchandising of ethnic products is a growing practice. Native American Aztec designs appear on sweaters, gym shoes come in *kente* cloth from an African tribe, and greeting cards bear likenesses of Native American sand paintings. However, some worry about the borrowing—and in some cases, misinterpretation—of distinctive symbolism. Consider, for example, the storm of protest from the international Islamic community over a dress in a House of Chanel fashion show. Supermodel Claudia Schiffer wore a strapless evening gown (with a price tag of almost \$23,000) that Karl Lagerfeld designed. The dress included Arabic letters that the designer believed spelled out a love poem. Instead, the message was a verse from the Koran, the Muslim holy book. To add insult to injury, the word *God* happened to appear over the model's right breast. Both the designer and the model received death threats, and the controversy subsided only after the company burned the dress. More recently, Nike caught flak from activists when in late 2007 it introduced an athletic shoe specially designed for Native Americans. Along with its trademark swoosh, the Nike Air Native N7 features feathers and arrowheads. One young Spokane/Coeur d'Alene Indian commented, "The day it was announced, I thought: 'Are they going to have dream catchers on them? Are they going to be beaded? Will they have native bumper stickers on them that say, 'Custer had it coming?'"<sup>33</sup>

During the acculturation process, many immigrants undergo *assimilation*, where they adopt products, habits, and values they identify with the mainstream culture. At the same time, there is an attempt at *maintenance* of practices they associate with the culture of origin. Immigrants stay in touch with people in their country and, like Maria, many continue to eat Spanish foods and read Spanish newspapers. Their continued identification with Mexican culture may cause *resistance*, as they resent the pressure to submerge their Mexican identities and take on new roles. Finally, immigrants (voluntarily or not) tend to exhibit *segregation*; they are likely to live and shop in places physically separated from mainstream Anglo consumers. These processes illustrate that ethnicity is a fluid concept and that members of a subculture constantly recreate its boundaries.

The **progressive learning model** helps us to understand the acculturation process. This perspective assumes that people gradually learn a new culture as they increasingly come in contact with it. Thus, we expect that when people acculturate they will mix the practices of their original culture with those of their new or **host culture**.<sup>34</sup> Research generally supports this pattern when it examines such factors as shopping orientation, the importance people place on various product attributes, media preference, and brand loyalty.<sup>35</sup> When researchers take into account the intensity of ethnic identification, they find that consumers who retain a strong ethnic identification differ from their more assimilated counterparts in these ways:<sup>36</sup>

- They have a more negative attitude toward business in general (probably caused by frustration due to relatively low income levels).
- They access more media that's in their native language.
- They are more brand loyal.
- They are more likely to prefer brands with prestige labels.
- They are more likely to buy brands that specifically advertise to their ethnic group.

The acculturation process occurs even when we relocate from one place to another within the same country. If you have ever moved (and it's likely you have), you no doubt remember how difficult it was to give up old habits and friends and adapt to what people in your new location do.

A study of Turkish people who moved from the countryside to an urban environment illustrates how people cope with change and unfamiliar circumstances. The authors describe a process of **warming**, which they describe as transforming objects and places into those that feel cozy, hospitable, and authentic. The study's informants described what happened as they tried to turn a cold and unfamiliar house into a home that is *güzel* ("beautiful and good," "modern and warm"). In this context that means they integrated symbols of their former village life into their new homes—they blanketed them with the embroidered, crocheted, and lace textiles that people traditionally make by hand for brides' dowries in the villages. The researchers reported that migrants' homes contained far more of these pieces than they would have in their village homes because they used them to adorn their new modern appliances. The dowry textiles symbolize traditional norms and social networks of friends and family in the villages, so they link the "cold" modern objects with the owner's past. Thus, the unfamiliar becomes familiar.<sup>37</sup>

Another group of researchers examined the plight of people who were forced to leave their homes and settle in a foreign country with little planning and few possessions.<sup>38</sup> As "strangers in a strange land," they must essentially start over and completely resocialize. The authors did an in-depth study of refugees from a number of countries who lived in an Austrian refugee shelter. They found that teenagers who were traumatized by their experience turn to adaptive consumption strategies to cope. For example, the adolescents all had stuffed animals (including the boys) they used to comfort themselves. And all of the teenage boys wore earrings to designate their own community.

4

**OBJECTIVE**

Why are African Americans, Hispanic Americans, and Asian Americans the three most important ethnic/racial subcultures in the United States?

## The “Big Three” American Subcultures

African Americans, Hispanic Americans, and Asian Americans account for much of America’s current growth. According to the 2000 U.S. Census, the Hispanic population is now the largest ethnic subculture, with 12.5 percent of Americans.<sup>39</sup> Asian Americans, though much smaller in absolute numbers with only 3.6 percent of the population, are the fastest-growing racial group.<sup>40</sup>

### African Americans

On *Harlem Heights*, a reality show that airs on BET, the young, hip stars use a raft of Johnson & Johnson products including Listerine, Zyrtec, and Splenda as part of a partnership between the two companies. Meanwhile the hip-hop impresario Sean “Diddy” Combs appears on TV commercials to plug his new I am King fragrance as a suave, black James Bond—type character. He observes, “When you see Barack Obama, you see a strong, elegant black man and when people see my ad, it’s almost like that’s the trend.”<sup>41</sup>

African Americans comprise a significant racial subculture—they were 12.3 percent of the U.S. population in the 2000 Census.<sup>42</sup> Although African American consumers do differ in important ways from Caucasians, the African American market is hardly as homogenous as many marketers believe. Indeed, some commentators argue that black–white differences are largely illusory. With some exceptions, both groups have the same overall spending patterns; they allocate about two-thirds of their incomes to housing, transportation, and food.<sup>43</sup>

The differences we do observe more likely are the result of differences in income, the relatively high concentration of African Americans in urban areas, and other dimensions of social class we discussed in Chapter 12. And these differences continue to diminish as African American consumers move up the economic ladder. Although it is still lower than the white majority, this group’s median household income is at a historic high. We can trace this improvement directly to a steady increase in educational attainment. African Americans had a median household income of \$30,439 in 2000, up from \$18,676 in 1990, and more than 51 percent of married African Americans make \$50,000 or more.<sup>44</sup>

Nonetheless, there clearly are some differences between blacks and whites in consumption priorities and marketplace behaviors that demand marketers’ attention.<sup>45</sup> In late 2007, Procter & Gamble launched a new program it calls “My Black Is Beautiful” for African American women after the company’s research told it that these women think mainstream media does not represent them very well—three-quarters of the women the company surveyed said programs and ads portray them more negatively than other racial groups and that they worry about the negative impact these messages will have on teens. The campaign includes a discussion guide booklet to encourage women to facilitate dialogue in their local communities and a supporting Web site at [myblackisbeautiful.com](http://myblackisbeautiful.com).<sup>46</sup>

Sometimes these differences are subtle but still important. When Coffee-Mate discovered that African Americans tend to drink their coffee with sugar and cream much more than do Caucasians, the company mounted a promotional blitz in the African American media and in return benefited from double-digit increases in sales volume and market share for this segment.<sup>48</sup> Volvo North America created its first advertising campaign to target African Americans after research showed that car crashes are the leading cause of death among African American children, who are half as likely to use seat belts as other children.<sup>49</sup>

Research by Unilever illustrates how *body cathexis* dynamics (see Chapter 5) vary across subcultures—the personal care products company found that skin takes on a deeper meaning for African Americans. In a poll it ran in *Essence* magazine, the company asked more than 1,400 African American women aged 18 to 64 to describe their

## Marketing Pitfall



Disney films have been criticized over the years because they portrayed racial and ethnic stereotypes—

the studio’s 1941 release of *Dumbo* included black crows who wore pimp hats. Its recent release of *The Princess and the Frog* aims to correct that—the heroine Princess Tiana is black. Disney consulted Oprah Winfrey on the racial aspects of the film (Oprah plays the mother). Some commentators praised the company because the movie provides a positive role model for African American girls.

However, not everyone is happy with the production. Some point to Tiana’s relatively light skin color. Others don’t like the fact that a Brazilian actor supplies the prince’s voice. One critic wrote, “Disney obviously doesn’t think a black man is worthy of the title of prince. His hair and features are decidedly non-black. This has left many in the community shaking their head in befuddlement and even rage.” The film is set in 1920s New Orleans; some object to this setting because of the havoc that Hurricane Katrina wrought on the black community there. Disney originally called the princess Maddy (short for Madeleine), but got complaints that this name sounded too much like Mammy and thus was racist. Internet rumors said she was going to be a chambermaid, but producers changed her profession to a waitress because this was too evocative of slavery. It’s hard to please everyone, but as one black mother observed, “Who knows if Disney will get it right. They haven’t always in the past, but the idea that Disney is not bending over backward to be sensitive is laughable. It wants to sell a whole lot of Tiana dolls and some Tiana paper plates and make people line up to see Tiana at Disney World.”<sup>47</sup>

## Marketing Pitfall



The good news: In 2009 Congress granted the Food and Drug Administration the authority to

regulate tobacco products. The agency will have the power to change existing products and also to ban new products unless it decides they contribute to public health. It will impose a ban on tobacco advertising within 1,000 feet of schools and playgrounds and mandate new graphic warning labels by 2012 that will occupy 50 percent of the space on each pack of cigarettes.

The bad news: As a political compromise the regulations exempt only one form of tobacco flavoring: menthol. This additive is used in about one-quarter of cigarettes sold today. But, three-quarters of black smokers prefer menthol. Antismoking groups that represent African Americans wanted the ban to include menthol because black smokers also have a disproportionate share of lung cancer. The FDA will, however, study the effects of menthol and it will have the power to ban the additive by 2011 if the evidence supports this change.<sup>51</sup>

skin, and the most common response was “beautiful” (59 percent). Another 30 percent described their skin as “strong.” The survey also found that African American women rank skin as “most important to them” (49 percent); more so than their hair, figure, makeup, and clothes. About one-third say their skin is a source of their heritage, one-fourth say it’s a source of pride, and “almost half of African American women say their skin tells a story of who they are and identifies them.” The survey is part of Unilever’s Skinvoice campaign, where the company invites women to talk about their skin at [skinvoice.com](http://skinvoice.com). This deep attachment is clear in posted comments such as “My skin is my life’s historian,” and “My skin represents the blending of my parents, an outward expression of their love.”<sup>50</sup>

### Hispanic Americans

The umbrella term *Hispanic* describes people of many different backgrounds. According to the 2000 U.S. Census, nearly 60 percent of Hispanic Americans are of Mexican descent. The next largest group, Puerto Ricans, make up just fewer than 10 percent of Hispanics. Other groups the Census includes in this category are Central Americans, Dominicans, South Americans, and Cubans.

The Hispanic subculture is a sleeping giant that many U.S. marketers ignored until recently. The growth and increasing affluence of this group now makes it impossible to overlook, and major corporations avidly court Hispanic consumers such as Maria and her family, in Los Angeles where Maria lives, plans are underway for a massive “branded city” called El Portal that expects to attract a 90 percent Latino clientele. Wal-Mart recently opened its first Hispanic-focused supermarkets, Supermercado de Walmart in Phoenix and Houston.<sup>52</sup> No surprise: From 1990 to 2006, Hispanics’ disposable income rose by 832 percent, to \$798 billion, compared with 154 percent for the rest of the population.<sup>53</sup>

In addition, the Hispanic population is young: Thirty-four percent were younger than age 18 in 2004, compared with 25 percent for the total population. Marketers especially like the fact that Hispanics tend to be brand loyal. In one study, about 45 percent reported that they always buy their usual brand, whereas only one in five said they frequently switch brands.<sup>54</sup> Another study found that Hispanics who strongly identify with their ethnic origin are more likely to seek Hispanic vendors, to be loyal to brands used by family and friends, and to be influenced by Hispanic media.<sup>55</sup> This segment also concentrates geographically by country of origin, which makes them relatively easy to reach. More than 50 percent of all Hispanic Americans live in the Los Angeles, New York, Miami, San Antonio, San Francisco, and Chicago metropolitan areas.<sup>56</sup>

One roadblock for mainstream marketers is the relatively low degree of acculturation among some Hispanic consumers who don’t choose to assimilate. About 38 percent of all Hispanics live in *barrios*, or predominantly Hispanic neighborhoods, which tend to be somewhat insulated from mainstream society.<sup>57</sup> For this reason, native language and culture are important components of Hispanic identity and self-esteem (about three-quarters of Hispanics speak Spanish at home), and many Hispanic Americans appreciate marketing efforts that acknowledge their cultural heritage.<sup>58</sup> More than 40 percent say they deliberately attempt to buy products that show an interest in the Hispanic consumer, and this number jumps to more than two-thirds for Cuban Americans.<sup>59</sup> Still, the acculturation process inevitably means that over time these differences will probably narrow. Whereas 73 percent of Hispanic immigrants prefer the Spanish language to English, the number falls to 25 percent of their children and only 1 percent of their grandchildren.

With a larger proportion of Hispanics being born in the United States, experts predict that English will increasingly supplant Spanish as the most effective language for marketing messages. However, third-generation Hispanics, born in the United States, still retain a strong sense of Hispanic identity and heritage that creates demand for publications such as *Urban Latino* that cater to the “new generation Latino.” This demand also fuels the emergence of a new, mostly English-language radio genre, “hurban” (“Hispanic Urban”).<sup>60</sup>

Hispanic consumers are rapidly entering the mainstream market.  
 Courtesy of Latina Magazine.

I am  
**LATINA.**

**MY Style:**  
 I am trendy, fashionable and unapologetically feminine. I know that beauty comes in all shapes and sizes – and I love my body. I love to shop for clothes that reflect my personality and show off my curves. I crave excitement and variety. Other people describe me as confident, smart and independent – they're right!

**MY World:**  
 Hispanics represent 15% of the total U.S. population. We are the largest and fastest growing ethnic group in the U.S. – over 45 million strong. Our spending power is predicted to explode to \$1.2 trillion within the next 5 years.

**MY Language:**  
 I am bilingual. I speak English with my friends and Spanish with *mi familia*. I'm a modern woman yet I'm firmly rooted in my traditions and culture.

**Me:**  
 I'm about 33 years old. I was born in the U.S. but I was raised 100% Latina. I went to college and I have a career that I love. My income allows me to live comfortably and independently. I am part of the fastest growing, most affluent and influential segment of the Hispanic market — the bicultural Latina.

Sources: Latina Subscriber Study 2008; U.S. Census B2007

Many initial efforts to market to Hispanic Americans were, to say the least, counterproductive. Companies bumbled in their efforts to translate advertising adequately or to compose copy that captured the nuances advertisers intended. These mistakes do not occur so much anymore because marketers are more sophisticated when they talk to this segment and they tend to involve Hispanics in advertising production to ensure they get it right. These translation mishaps slipped through before Anglos got their acts together.<sup>61</sup>

- The Perdue slogan, “It takes a tough man to make a tender chicken,” translated as “It takes a sexually excited man to make a chick affectionate.”
- Budweiser was the “queen of beers.”
- Braniff (now defunct) promoted the comfortable leather seats on its airplanes with the headline, *Sentado en cuero*, which translates as “Sit naked.”
- Coors beer’s slogan to “get loose with Coors” appeared in Spanish as “get the runs with Coors.”

## Net Profit



According to a new Mintel report, Hispanic Americans spend triple the amount of time browsing online compared to non-Hispanics and nearly twice as much time (on average five hours per week) on social networks. One factor that accounts for this difference is the relative youth of this segment; Hispanics ages 13 to 34 use social networking sites about three times more than those over the age of 35. This group also adopts new media technology faster; they spend more time listening to Internet radio and downloading music and devote more time to electronic readers like Amazon's Kindle.<sup>73</sup>

## Net Profit



The affluent Asian immigrant population in the United States creates a new market for Asian products. The Chinese music industry benefits from the demand in the Asian American community for the mix of syrupy ballads known as Mandarin pop. Music idols such as Andy Lau and Jacky Cheung tour the United States, and Chinese record companies use the Web to build a bigger following overseas. Two of the most popular Web sites that expose fans to Asian music are [RockaCola.com](http://RockaCola.com) and [YesAsia.com](http://YesAsia.com).<sup>79</sup>

Even today, confused meanings create problems for some well-intentioned marketers. In 2007, a division of Macy's department stores pulled a T-shirt it intended to sell to Hispanic shoppers in Georgia and Texas that proclaimed "Brown is the New White."<sup>62</sup> In another gaffe, Volkswagen caught flak when it tried to attract Hispanic drivers to its GTI 2006 model with a word they would recognize. Americans use the Spanish word *cojones* to describe a gutsy person, but literally it means testicles. Billboards in huge black letters proclaimed "Turbo-Cojones." VW removed the boards in Cuban-dominated Miami following an outcry. As one local commented, "In English, Turbo-Balls might not sound so offensive. But in the Spanish-speaking community, it will always have a vulgar connotation." It replaced the ads with others that say "Here Today. Gone Tamale" and "Kick a Little Gracias."<sup>63</sup>

In a more sophisticated effort Unilever launched *ViveMejor*, a major digital, print, TV, and retail Hispanic marketing program that combines all of its food and personal care brands together in a single marketing platform for Hispanic consumers. The campaign includes a bilingual Web site ([ViveMejor.com](http://ViveMejor.com)), a free bilingual magazine Unilever will distribute in stores, and TV segments to run on Spanish-language television. *ViveMejor* was the result of a major research program where Unilever looked in depth at the shopping habits of more than 800 Hispanic consumers. The company found these consumers shop more often because they prepare more meals at home, but they enjoy their shopping experiences less than general-market shoppers. They also are more receptive to in-store meal suggestions and recipes than the general population.<sup>64</sup>

Some successful advertising campaigns simply don't work in Hispanic subcultures. For example, the California Milk Processor Board discovered that Hispanics did not appreciate its hugely successful "Got Milk?" campaign because biting, sarcastic humor is not part of their culture. In addition, the notion of milk deprivation is not funny to the Hispanic homemaker because if she runs out of milk she has failed her family. To make matters worse, "Got Milk?" translates as "Are you lactating?" so the organization revised Spanish-language ads as, "And you, have you given them enough milk today?" with tender scenes that center on cooking flan in the family kitchen.<sup>65</sup>

However, there are aspects of Hispanic culture that make some products popular for reasons Anglos may not understand. This is the case with Clamato, a clam-flavored tomato juice that has gotten a new lease on life thanks to its popularity among Latino consumers. Many Latinos consider the clam to be an aphrodisiac, and the drink is popular among young people who use it as a base for the seafood cocktail *ceviche* or mix it with beer because they believe it arouses passion.<sup>66</sup>

As we saw earlier, one of the most notable characteristics of the Hispanic market is its youth: The median age of Hispanic Americans is 23.6, compared with the U.S. average of 32. Many of these consumers are "young biculturals" who bounce back and forth between hip-hop and *Rock en Español*, blend Mexican rice with spaghetti sauce, and spread peanut butter and jelly on tortillas.<sup>67</sup> Latino youth are changing mainstream culture. The U.S. Census Bureau estimates that by the year 2020 the number of Hispanic teens will grow by 62 percent compared with 10 percent growth in teens overall. They are looking for spirituality, stronger family ties, and more color in their lives—three hallmarks of Latino culture. Music crossovers are leading the trend, including musicians such as Shakira and Big Pun, the first Latino hip-hop artist to go platinum.

A second notable characteristic of this market is that family size tends to be large. The average Hispanic household contains 3.5 people, compared to only 2.7 for other U.S. households. These differences obviously affect the overall allocation of income to various product categories. For example, Hispanic households spend 15 to 20 percent more of their disposable income than the national average on groceries.<sup>68</sup> That helps to explain why General Mills developed Buñuelitos breakfast cereal specifically for this market. The brand name is an adaptation of *buñuelos*, a traditional Mexican pastry people eat on holidays. Meanwhile, rival Kellogg recently launched Corn Flakes with Honey specifically to attract Hispanics.<sup>69</sup>

We can't overstate the importance of the family to Hispanics such as Maria. Preferences to spend time with family influence the structure of many consumption

activities. For this subculture, shopping is a family affair. More than a third (36 percent) of Hispanics say they prefer shopping with their families, and 30 percent report that they like shopping with their children.<sup>70</sup> Hispanic parents gravitate to purchases that underscore their ability to provide well for the family. They regard clothing their children well as a matter of pride.

In contrast, convenience and a product's ability to save time are not terribly important to the Hispanic homemaker. Women like Maria's mother will purchase labor-intensive products if it means that their families will benefit. For this reason, a time-saving appeal short-circuited for Quaker Foods when the company discovered that Hispanic women tend to cook Instant Quaker Oats on the stove as if it were regular oatmeal, refrigerate it, and serve it later as a pudding.<sup>71</sup> Similarly, telephone company promotions that emphasize cheaper rates for calling family members offend many Hispanic consumers to whom deferring a phone call home simply to save money is an insult!<sup>72</sup> This orientation also explains why generic products do not tend to do well in the Hispanic market—these consumers value the quality well-known brand names promise.

### Asian Americans

Asians are very sensitive to the design and location of a home, especially as these affect the home's *chi*—an invisible energy current they believe brings good or bad luck. Asian home buyers want a house that offers a good *feng shui* environment (translated literally as “the wind and the water”). One home developer in San Francisco sold up to 80 percent of its homes to Asian customers after he made a few minor design changes—he reduced the number of “T” intersections in the houses and added rounded rocks to the garden—harmful *chi* travels in a straight line, whereas gentle *chi* travels on a curved path.<sup>74</sup>

The problems American marketers encountered when they first tried to reach the Hispanic market popped up again when they began to target Asian Americans:<sup>75</sup>

- The Coca-Cola slogan “Coke Adds Life” translated as “Coke brings your ancestors back from the dead” in Japanese.
- Kentucky Fried Chicken described its chicken as “finger-lickin’ good” to the Chinese, who don’t think it’s polite to lick your fingers.
- A footwear ad depicted Japanese women performing foot-binding, which only the Chinese do.

Asians not only make up the fastest-growing population group, they also are the most affluent, best-educated, and most likely to hold technology jobs of any ethnic subculture. Indeed, Asian Americans are much more likely than average Americans to buy high-tech gadgets. They are almost three times as likely to own a digital camcorder and twice as likely to have an MP3 player.<sup>76</sup> About 32 percent of Asian households have incomes of more than \$50,000 compared to 29 percent in the entire U.S. population. Estimates put this segment’s buying power at \$253 billion annually. That explains why the brokerage firm Charles Schwab now employs more than 300 people who speak Chinese, Korean, and Vietnamese at its call centers.<sup>77</sup>

Despite its potential, this group is hard to market to because it’s composed of numerous culturally diverse subgroups that use different languages and dialects.<sup>78</sup> The term *Asian* refers to 20 ethnic groups, with Chinese being the largest and Filipino and Japanese second and third, respectively. Filipinos are the only Asians who speak English predominantly among themselves; like Hispanics most Asians prefer media in their own languages. The languages Asian Americans speak most frequently are Mandarin Chinese, Korean, Japanese, and Vietnamese.

Not only are Asian consumers the most frequent shoppers of all racial and ethnic groups but they are also the most brand-conscious. Almost half (43 percent) say they always look for a brand name when they shop. Yet, interestingly, they are also the least brand loyal. Fully a quarter of Asians say they change brands often, compared with 22 percent of Hispanics, 20 percent of African Americans, and 17 percent of whites. Asian

### Marketing Opportunity



To appeal to Americans of South Asian descent, Nationwide Insurance tapped former *American Idol* contestant Sanjaya Malakar to appear in a TV commercial. The spot is one of six the company developed to speak to American consumers who come from India, Pakistan, and Bangladesh. In the spot, Sanjaya visits a monastery in India to seek advice about his future. He learns that he needs a retirement plan—and also some work on his hair.<sup>81</sup>

### Net Profit



Do avatars worship digital deities? In *Second Life* (SL), residents attend virtual Easter and Passover celebrations and Muslim prayer meetings. An in-world synagogue combined a traditional Passover Seder with lessons on essential SL skills such as flying. Some pious residents offer animated “pray-ables” that pop an avatar into a prayer position—it may bow on a carpet, kneel in a cathedral, or land in the lotus position at a Buddhist spiritual center. In addition to accommodating RL religions, some new ones are popping up: Avatars of Change, for example, claims about 180 members from Christians to Jedi to Rastafarians.<sup>86</sup>



## Marketing Pitfall



Dunkin' Donuts had to pull a TV commercial that starred the Food Network's host Rachael Ray after a FOX News commentator's on-air remarks aroused controversy. In the spot Ray wore a checked scarf that he said looked like an Arabic *kaffiyeh*, which he described as a garment "... popularized by Yasser Arafat and a regular adornment of Muslim terrorists appearing in beheading and hostage-taking videos." Dunkin's spokeswoman said that the scarf "... was selected by a stylist for the advertising shoot. Absolutely no symbolism was intended."<sup>91</sup>

## Marketing Pitfall



Religious sensibilities vary around the world, and big trouble can result if marketers violate taboo subjects in other cultures. Here are some examples:<sup>94</sup>

- A Lipton ad won the prestigious Gold Lion award in Cannes, but the company had to decline the honor in the face of objections. The ad mocked the Catholic Church as it showed a man standing in the communion line with a bowl of onion dip in his hand.
- In Salt Lake City, a proposed billboard for a beer called Polygamy Porter aroused the ire of Mormons worldwide. The billboard company under contract with the brewery refused to erect the ad. The board, which was going to show a picture of a scantily clad man, cherubs, and a six-pack of spouses, advises drinkers to "take some home for the wives."
- An ad for Levi's jeans produced in London shows a young man who buys condoms from a pharmacist and then hides them in the small side pocket of his jeans. When he goes to pick up his date, he discovers that her father is the same pharmacist. The commercial was a hit in the United

consumers are also the most concerned about keeping up appearances. More than a quarter (26 percent) say they buy what they think their neighbors will approve of, compared with 12 percent each of Hispanics and African Americans and only 10 percent of whites. As one Asian American advertising executive noted, "Prosperous Asians tend to be very status-conscious and will spend their money on premium brands, such as BMW and Mercedes-Benz, and the best French cognac and Scotch whiskey."<sup>80</sup> Advertising with Asian celebrities can be particularly effective. When Reebok used tennis star Michael Chang in one advertisement, shoe sales among Asian Americans soared.

5

### OBJECTIVE

Why do marketers increasingly use religious and spiritual themes when they talk to consumers?

## Religious Subcultures

In recent years we've seen an explosion of religion and spirituality in popular culture including the box office success of Mel Gibson's movie *The Passion of the Christ* and the book *The Da Vinci Code*.<sup>82</sup> Mainstream marketers that used to avoid religion like the plague (pardon the pun) now actively court church members.

And, mainstream churches market themselves much more aggressively. In the United States there are approximately 400 **megachurches**; each serves 2,000 or more congregants per week (some actually attract more than 20,000 to Sunday services!) and boast a combined annual income of \$1.85 billion.<sup>83</sup> As a church marketing consultant observes, "Baby boomers think of churches like they think of supermarkets. They want options, choices, and convenience. Imagine if Safeway was open only one hour a week, had only one product, and didn't explain it in English."<sup>84</sup> Clearly religion is big business.

You don't have to be active in an organized religion to "worship" products. A study of a brand community centered on the Apple Newton illustrates how religious themes spill over into everyday consumption, particularly in the case of "cult products." Apple abandoned the Newton PDA years ago, but many avid users still keep the faith. The researchers examined postings in chat rooms devoted to the product. They found that many of the messages have supernatural, religious, and magical themes, including the miraculous performance and survival of the brand, as well as the return of the brand creator. The most common postings concerned instances where dead Newton batteries magically come back to life. Here is an excerpt from one story, posted on a listserv under the heading "Another Battery Miracle":

The battery that came with the 2100 that I just received seemed dead. . . . I figured that the battery was fried and I have nothing to lose. While "charging," I unplugged the adapter until the indicator said it was running on batteries again, and then plugged it back in until it said "charging" . . . after a few times, the battery charge indicator started moving from the left to right and was full within 10 minutes! . . . I've been using the Newt for about 4 hours straight without any problems. Strange. It looks like there has been yet another Newton battery miracle! Keep the faith.<sup>85</sup>

## How Religion Influences Consumption

Marketers have not studied religion extensively, possibly because many view it as a taboo subject.<sup>87</sup> As one research director noted, "Religion, along with sex and politics, is one of the three taboo topics that we're never supposed to talk about."<sup>88</sup> Taboo or not, at the least dietary or dress requirements do create demand for certain products. For example, less than a third of the 6 million consumers who buy the 86,000 kosher products now on the market are Jewish. Seventh-Day Adventists and Muslims have very similar dietary requirements, and other people simply believe that kosher food is of higher quality. That's why some of the nation's largest manufacturers like Pepperidge Farm offer a wide range of kosher products.<sup>89</sup>

Mindful of the success of kosher certification, some Muslims recognize that *halal* foods also may appeal to mainstream consumers. The Islamic Food and Nutrition Council of America certifies halal products with a “crescent M,” much like the circled “O” of the Orthodox Union, the largest kosher certifier. Both kosher and halal followers forbid pork, and both require similar rituals for butchering meat. Religious Jews don’t mix milk and meat, nor do they eat shellfish, whereas religious Muslims don’t drink alcohol. Neither group eats birds of prey or blood.<sup>90</sup>

In addition to food products, religious subcultures have an impact on consumer variables such as personality, attitudes toward sexuality, birthrates and household formation, income, and political attitudes. Church leaders can encourage consumption, but more importantly, they can *discourage* it—sometimes with powerful effects. The Disney Corporation discovered how effective these movements can be when the Southern Baptist Convention voted to persuade all its members to boycott its operations.<sup>92</sup> The church instituted its anti-Mickey rebellion to protest the “Gay Days” at the theme parks and a view that Disney had a radical homosexual agenda that it promoted through its broadcasts. Soon other organizations joined the cause, including the American Family Association, the General Council of the Assemblies of God, the Congregational Holiness Church, the Catholic League for Religious and Civil Rights, and the Free Will Baptists. The fallout from the boycott was significant; Disney was forced to lay off 4,000 employees.<sup>93</sup>

## Born-Again Consumers

In the United States, we trace most religious marketing activity to Born-Again Christians—they follow literal interpretations of the Bible and acknowledge being born again through belief in Jesus. Theirs is among the fastest-growing religious affiliations in the United States. One research company reported that about 72 million of the 235 million Christians in the United States say they are born-again.<sup>95</sup>

The strength of the evangelical movement has caught the attention of many marketers who want to reach these consumers; marketers involved in faith-based marketing strategies include Pfizer, Merck, Tyson, Smucker’s, several major automakers, and even the Curves fitness chain. Suzuki sponsored the Christian rock band Kutless on its national tour to promote its motorcycle and SUV lines.<sup>96</sup>

This growing movement also fuels a boom in Christian-related marketing and merchandise. Christian bookstores bring in revenues of well over \$2 billion per year, and the proliferation of born-again (especially younger evangelicals) propels religiously oriented products into more mainstream stores as vendors update their messages for a younger generation (one T-shirt for sale shows a hand with a nail through it along with the caption, “Body Piercing Saved My Life”). C28, a chain of California stores, takes its names from the Bible verse Colossians 2:8, “See to it that no one takes you captive through hollow and deceptive philosophy, which depends

Kingdom, but people in strongly Catholic Italy and Spain didn’t appreciate it at all.

- A Brazilian ad for Pirelli tires drew heat from religious leaders. The ad shows a soccer superstar with his arms spread and a tire tread on the sole of his foot as he stands in place of the Christ the Redeemer statue that overlooks Rio de Janeiro.
- The French car manufacturer Renault withdrew an ad in a Danish campaign in response to protests from the local Catholic community. It depicted a dialogue during confession between a Catholic priest and a repenting man. The man atones for his sins as he prays *Ave Marias* until he confesses to having scratched the paint of the priest’s new Renault—then the priest shouts “heathen” and orders the man to pay a substantial penalty to the church.
- Burger King had to modify a commercial it aired on U.S. African American radio stations in which a coffeehouse poet reads an ode to a Whopper with bacon. In the original spot the person’s name is Rasheed and he uses a common Islamic greeting. The Council on American-Islamic Relations issued a press release noting that Islam prohibits the consumption of pork products. In the new version the poet was renamed Willie.

The Not of This World clothing line targets young, religious consumers.

Courtesy of Not of This World Clothing.



on human tradition and the basic principles of this world rather than on Christ.” C28 has its own house brand, Not of This World, that features modern designs coupled with biblical verses. The owner claims that hundreds of people have converted to Born-Again Christianity in his stores: “Our mission is to share the grace, the truth and the love of Jesus. And what better place to do it than a mall?”<sup>97</sup>

## CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

### 1 Additional influences come from our identification with microcultures that reflect a shared interest in some organization or activity.

Microcultures are communities of consumers who participate in or otherwise identify with specific art forms, popular culture movements, and hobbies.

### 2 Our memberships in ethnic, racial, and religious subcultures often play a big role in guiding our consumption behaviors.

Consumers identify with many groups that share common characteristics and identities. Subcultures are large groups that exist within a society, and membership in them often gives marketers a valuable clue about individuals' consumption decisions. A person's ethnic origins, racial identity, and religious background often are major components of his or her identity.

### 3 Many marketing messages appeal to ethnic and racial identity.

The three largest ethnic and racial subcultures are African Americans, Hispanic Americans, and Asian Americans, but marketers today focus on consumers with many diverse backgrounds as well. Indeed, the growing numbers of people who claim multiethnic backgrounds will blur the traditional distinctions we draw among these subcultures.

### 4 African Americans, Hispanic Americans, and Asian Americans are the three most important ethnic/racial subcultures in the United States.

African Americans are a very important market segment. In some respects, the market expenditures of these consumers

do not differ that much from whites, but African Americans are above-average consumers in such categories as personal care products.

Hispanic Americans and Asian Americans are other ethnic subcultures that marketers actively court. Both groups are growing rapidly, though numerically Hispanics are the nation's single largest ethnic segment. Asian Americans on the whole are extremely well educated, and the socioeconomic status of Hispanics is increasing as well.

Key issues to reach the Hispanic market are consumers' degree of acculturation into mainstream American society and the recognition of important cultural differences among Hispanic subgroups (e.g., Puerto Ricans, Cubans, and Mexicans).

Both Asian Americans and Hispanic Americans tend to be extremely family oriented and are receptive to advertising that understands their heritage and reinforces traditional family values.

### 5 Marketers increasingly use religious and spiritual themes when they talk to consumers.

The quest for spirituality influences demand in product categories including books, music, and cinema. Although the impact of religious identification on consumer behavior is not clear, some differences among religious subcultures do emerge. Marketers need to consider the sensibilities of believers carefully when they use religious symbolism to appeal to members of different denominations.

## KEY TERMS

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Megachurches, 504

Microculture, 490  
Progressive learning model, 498  
Subculture, 490  
Warming, 498

## REVIEW

- 1 What is a subculture? How does it differ from a microculture?
- 2 What is the difference between a high-context and a low-context culture? What is an example of this difference?
- 3 Why is it difficult to identify consumers in terms of their ethnic subculture membership?
- 4 What is deethnicization? Give an example.
- 5 Why are Hispanic American consumers attractive to marketers?
- 6 What is acculturation? How does it differ from enculturation?
- 7 Who are acculturation agents? Give two examples.
- 8 Describe the processes involved when a person assimilates into a new host culture.
- 9 Why are Asian Americans an attractive market segment? Why can they be difficult for marketers to reach?
- 10 How can we equate consumers' allegiance to some products as a form of religious observance?
- 11 How do religious subcultures affect consumption decisions?

## CONSUMER BEHAVIOR CHALLENGE

### DISCUSS

- 1 Some industry experts feel that it's acceptable to appropriate symbols from another culture even if the buyer does not know their original meaning. They argue that even in the host society there is often disagreement about these meanings. What do you think?
- 2 The prominence of African American characters in video games that contain violent story lines is all the more striking because of the narrow range of video games in which African Americans have been present over the years. One study found that of 1,500 video game characters surveyed, 288 were African American males, and 83 percent of those were athletes.<sup>98</sup> Do you think this is a problem, and if so how would you address it?
- 3 Should members of a religious group adapt marketing techniques that manufacturers customarily use to increase market share for their secular products? Why or why not?
- 4 Several years ago R.J. Reynolds announced plans to test market a menthol cigarette called Uptown specifically to African American consumers. According to the company, about 70 percent of African American smokers prefer menthol, more than twice the average rate. After market research showed that blacks tend to open cigarette packs from the bottom, the company decided to pack Uptowns with the filters facing down. Reynolds cancelled its plans after private health groups and government officials protested. Does a company have the right to exploit a subculture's special characteristics, especially to increase sales of a harmful product such as cigarettes? What about the argument that virtually every business that follows the marketing concept designs a product to meet the needs and tastes of a preselected segment?
- 5 The Uncle Ben campaign described in the chapter gives an attractive "makeover" to a character many found racist. What do you think of this action?
- 6 [RushmoreDrive.com](http://RushmoreDrive.com) was touted as the first black search engine, but it shut down only a year after its launch. The idea of a site that would look specifically for black-oriented content and data had been the subject of debate in the blogosphere—some critics felt the site was racist and separatist. On the other hand, an African American marketing executive commented, "An African-American search engine not only helps other African Americans find Black-owned business websites, but it can also aid corporations looking for minority companies to hire." What do you think—should companies develop techniques to allow distinct subcultures to access different parts of the Web?<sup>99</sup>
- 7 Describe the progressive learning model and discuss why this perspective is important when we market to subcultures.
- 8 General Motors' GMC division launched an advertising campaign it aimed at the African American market to promote its Sierra Crew Cab and Sierra Denali pickup trucks. Pickup ads almost always show the vehicles doing blue-collar work as they charge down rutted back roads or haul bales of hay or boats. In this campaign, however, the trucks cruise in urban settings with a hip-hop soundtrack. As onlookers turn to admire the pickup, it veers off the road and climbs the vertical face of a skyscraper, leaping into the air at the top before it shoots down the other side.<sup>100</sup> How credible is an advertisement that upends such a strongly held stereotype (i.e., "blue-collar" rural men drive pickups)?
- 9 The humanitarian group Doctors Without Borders set up a camp of tents, medical stations, and latrines in

Central Park to recreate the setting of a refugee camp.<sup>101</sup> What are the pros and cons of subjecting consumers to degrading experiences like these?

- 10 Born-Again Christian groups have been instrumental in organizing boycotts of products advertised on shows they find objectionable, especially those that they feel undermine family values. Do religious groups have a right or a responsibility to dictate what advertising a network should carry?
- 11 Religious symbolism appears in advertising, even though some people object to this practice. For exam-

## ■ APPLY

- 1 Locate current examples of marketing stimuli that depend on an ethnic or religious stereotype to communicate a message. How effective are these appeals?
- 2 To understand the power of ethnic stereotypes, conduct your own poll. For a set of ethnic groups, ask people to anonymously provide attributes (including personality traits and products) most likely to characterize each group, using the technique of free association where they simply say what comes to mind when you mention each group. How much agreement do you ob-

tain across respondents? To what extent do the characteristics derive from or reflect negative stereotypes? Compare the associations for an ethnic group between actual members of that group and nonmembers.

- 3 Locate one or more consumers (perhaps family members) who have emigrated from another country. Interview them about how they adapted to their host culture. In particular, what changes did they make in their consumption practices over time?

## Case Study

### I'M A PC!

What do age, ethnicity, and lifestyle have to do with personal computer choices? Quite a bit if you watched Apple's advertising for the past several years. You probably know the ads well: "Hi, I'm a Mac . . . and I'm a PC." Two white men in front of a white screen—stereotypes of the computer manufacturer's users and their corporate culture. The Mac guy is young, good-looking, smart, and very cool. Then there's PC, who is chunkier, a little dokey, and dressed in a very uncool business suit. The series of ads, currently over 50 of them, have been wildly successful and have helped to advance Apple to double-digit market share in the home personal computer market.

Microsoft ran some scattered advertising throughout this period, but nothing strong and unified. Then, in 2008, the software giant teamed up with Crispin, Porter + Bogusky with a reported \$300 million budget for advertising. The first ads to hit the airwaves featured famous comedian Jerry Seinfeld and Microsoft CEO and founder Bill Gates. In one quirky spot Gates shopped for shoes as Seinfeld accompanied him with clever, Seinfeld-type comments. The ads were poorly received by critics and audiences alike.

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The ads stopped running and were replaced by the campaign "Pride," which is commonly referred to as the "I'm a PC" campaign. The first ad begins with an actual Microsoft employee who stands against a white background that mimics the nerdy, white, male stereotype of the PC user the Mac ads depict. He announces, "Hello, I'm a PC. And I've been made into a stereotype." The ad then showcases a variety of people who state they are a PC. The spot features people of different ethnicities, professional interests, and lifestyles throughout the world. The ad ends with mind-body guru Deepak Chopra who states, "I'm a PC and I am a human being. Not a human doing. Not a human thinking. A human being."

One of the main purposes of the ad was to shatter the stereotype of the PC user and to show that PC users cross all ethnic, geographical, age, and lifestyle boundaries. According to Microsoft, the campaign is about ". . . celebrating the individuality within the global Windows community and the pride we have in our own unique passions—and how technology can help us further these interests." To further the message, Microsoft partnered with the social media advertising network Brickfish to create a microsite where consumers can post photos and videos that express their individuality.

Has Microsoft slowed the rapid growth of Apple? According to the research firm NPD, February 2009 U.S. retail sales of Windows PCs grew 22 percent while sales of Macs dropped 16 percent in the same period. There are other factors in play in addition to the advertising. Product choices are changing as new PC-based Netbooks expand within the market. Also updates to the Microsoft operating systems Vista and Windows may have led to increases in PC purchases. But one thing can be said for sure, the face of the PC consumer has certainly changed from the PC guy of the Apple ads.

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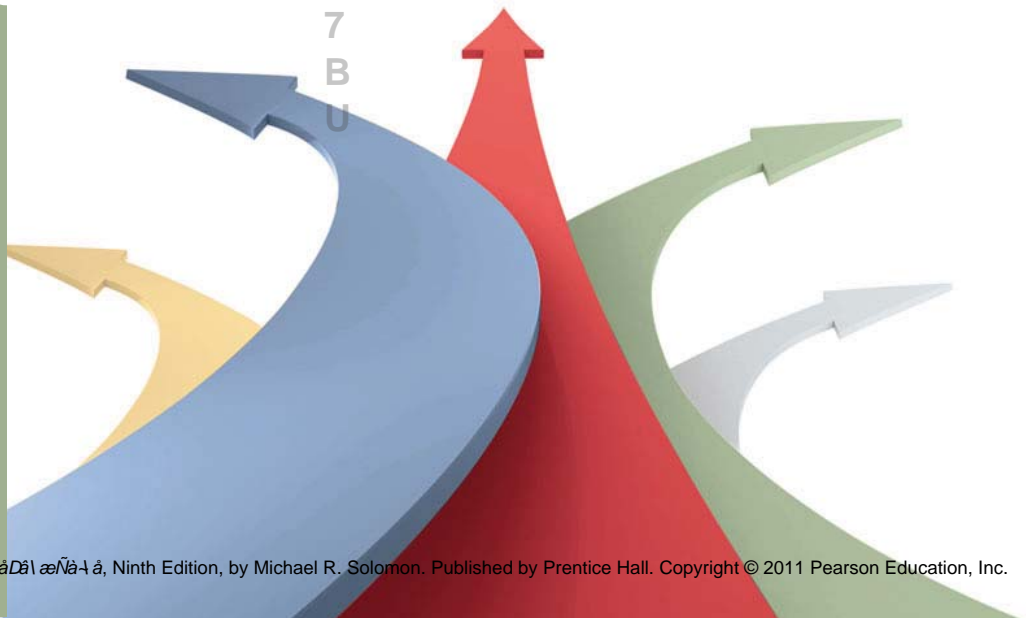


# 14

## Age Subcultures

### Chapter Objectives

- When you finish this chapter you will understand:**
- 1 Why do people have many things in common with others because they are about the same age?
  - 2 Why are teens an important age segment for marketers?
  - 3 Why do Baby boomers continue to be the most powerful age segment economically?
  - 4 Why will seniors increase in importance as a market segment?





It's the last week of summer vacation and Kurt can't wait to get back to school. It's been a tough summer.

Nobody's hiring students for summer jobs (even the worst minimum wage gigs attract several hundred applicants). He seems to be out of touch with his old friends—and with so much time on his hands as he just hangs around the house, he and his mother don't get along too well. Kurt plops on the couch and aimlessly flips channels—from *The Real Housewives of New Jersey* to *Avatar* on Nickelodeon, to a Sony-sponsored beach volleyball tournament on ESPN, back to Bravo. Suddenly, his mother marches in, grabs the remote, and switches the channel to public television. To promote the hype about the 40th anniversary of Woodstock, yet another documentary chronicles the original festival from 1969. When Kurt protests, "Come on Pam, get a life. . . ." his mom snaps back, "Keep your cool. You might learn what it was like to be in college when it really meant something. And what's with the first name stuff? In my day I would never have dreamed of calling my mom or dad by their first name!"

That's when Kurt loses it. He's tired of hearing about the "good old days" of Woodstock, Berkeley, and 20 other places he doesn't care about. Besides, most of his mom's ex-hippie friends who still have jobs work for the very corporations they used to protest about—who are they to preach to him about doing something meaningful with his life? In disgust, Kurt storms into his room, cranks up Korn on his iPod, and pulls the covers up over his head. So much for a constructive use of time. What's the difference, anyway—they'll probably all be dead from global warming by the time he graduates.

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## Marketing Opportunity



We assume that only adolescent boys play video games, but the data say otherwise. Today more than half of the U.S. adult video game-playing population is made up of moms, dads, and even grandparents. Furthermore, women play them as much as men. The industry expects that growth will come from older age groups; it predicts that the number of male gamers in the 55- to 64-year-old range will increase by 34 percent by 2013, compared with only 7 percent for the 18- to 24-year-old age groups.<sup>6</sup> Game marketers sensitive to the content that appeals to each age group will prosper from this boom.

## 1

### OBJECTIVE

Why do people have many things in common with others because they are about the same age?

## Age and Consumer Identity

The era in which you grow up bonds you with the millions of others who come of age during the same time period. Obviously, your needs and preferences change as you grow older, often in concert with others of your own age (even though some of us don't really believe we'll ever get older). For this reason, our age is a big part of our identity. All things equal, we are more likely to have things in common with others of our own age than with those younger or older. As Kurt found out, this identity may become even stronger when the actions and goals of one generation conflict with those of others—an age-old battle.

A marketer needs to communicate with members of an age group in their own language. Sony finally figured out that it had to sponsor events like beach volleyball to get young people's attention. When the electronics giant first entered the U.S. car stereo market, it hammered on its usual themes of technical prowess and quality. This got nothing but yawns from the 16- to 24-year-olds who make up half of the consumers who buy these products, and Sony ranked a pitiful seventh in the market after 10 years. Finally, the company got the picture—it totally revamped its approach and eventually doubled its car stereo revenues.<sup>1</sup>

This successful campaign was part of Sony's strategic decision to reorganize its electronics division according to consumers' different life stages. Instead of assigning managers to products, the company groups them in age-related segments such as Gen Y (younger than age 25), young professionals/DINKs (double income no kids, aged 25 to 34), families (35- to 54-year-olds), and zoomers (those older than age 55).<sup>2</sup> In this chapter, we'll explore some of the important characteristics of some key age groups and consider how marketers like Sony modify their strategies to appeal to diverse age subcultures.

An **age cohort** consists of people of similar ages who have similar experiences. They share many common memories about cultural heroes (e.g., John Wayne versus Brad Pitt), important historical events (e.g., the Great Depression versus the Great Recession), and so on. Although there is no universally accepted way to divide up people into age cohorts, each of us seems to have a pretty good idea what we mean when we refer to “my generation.”

Marketers often target products and services to a specific age cohort; our possessions help us identify with others of a certain age and express the priorities and needs we encounter at each life stage.<sup>3</sup> An ad campaign for Saturn featured a set of commercials that represent stages in life from childhood and high school to college and marriage. As four friends drive around in the Saturn Ion, they see kids playing on swing sets, students on prom night, partying fraternity members, and young marrieds in tuxedos and wedding gowns. The campaign communicates the idea that the car takes its owner through each life stage.<sup>4</sup>

Although there is general consensus when analysts describe age cohorts, the labels and cutoff dates they use to put consumers into generational categories are subjective. One rough approximation looks like this:<sup>5</sup>

- **The Interbellum Generation**—People born at the beginning of the twentieth century.
- **The Silent Generation**—People born between the two World Wars.
- **The War Baby Generation**—People born during World War II.
- **The Baby Boom Generation**—People born between 1946–1964.
- **Generation X**—People born between 1965–1985.
- **Generation Y**—People born between 1986–2002.
- **Generation Z**—People born 2003 and later.

The same offering probably won't appeal to people of different ages, nor will the language and images marketers use to reach them. In some cases companies develop separate campaigns for age cohorts. For example, Norelco found that younger

men are far less likely to use electric shavers than are its core customer base of older men. The firm launched a two-pronged effort, on the one hand, to convince younger men to switch from wet shaving to electric, and on the other hand, to maintain loyalty among its older following. Ads for Norelco's Speedrazor, aimed at males 18 to 35 years old, ran on late-night TV and in *GQ* and *Details*. Messages about the company's triple-head razors, geared to men older than 35, ran instead in publications that attract older readers, such as *Time* and *Newsweek*.

Because consumers within an age group confront crucial life changes at roughly the same time, the values and symbolism marketers use to appeal to them can evoke powerful feelings of *nostalgia* (see Chapter 3). Adults older than 30 are particularly susceptible to this phenomenon.<sup>7</sup> However, references to the past influence young people as well as old. In fact, research indicates that some people are more disposed to be nostalgic than others, regardless of age. Table 14.1 shows a scale researchers use to measure the impact of nostalgia on individual consumers.

Although most products appeal to one age cohort or another, some marketers try to woo people of different ages with a **multigenerational marketing strategy**—this means they use imagery that appeals to consumers from more than one generation. These companies recognize that older baby boomers (more on these guys later) have a youthful attitude and many are quite comfortable with new technology. However, a lot of young people are very sophisticated consumers who don't want companies to talk down to them.

When Honda launched its boxy Element SUV, it was going after young men—but to the company's surprise a lot of middle-aged women also bought the vehicle. Based on that experience, Honda deliberately targeted two age groups at once with its Fit subcompact. It places ads in youth-oriented niche publications such as *Filter* music magazine while it runs others in *Time*. TV commercials include cartoon characters, such as a “speedy demon” monster, that appeal to youth but also resemble creatures you might find in 1970s comic books. Similarly, the Scion tC screams youth—but in reality its buyers' median age is 49. It turns out people in their 50s and 60s like the car's low floor height because it's easy to step into!

In one interesting crossover experiment, *DUB* magazine (which targets Tuner car fanatics like the ones we discussed in the last chapter) pimped out a few Buick Lucernes. Although the average age of the Buick buyer is 65, the cars took on a whole new image when they hit the road with tinted windows and 22-inch chrome wheels. Buick parks the cars outside nightclubs to attract younger drivers. So why did *DUB* initiate this partnership? It turns out that the model is popular among young African Americans in the Oakland area who customize it to make “scrapers.” These tricked-out rides feature wheels so big the tires scrape the inside of the car's fender.<sup>8</sup>

**TABLE 14.1** The Nostalgia Scale

**Scale Items**

- They don't make 'em like they used to.
- Things used to be better in the good old days.
- Products are getting shoddier and shoddier
- Technological change will ensure a brighter future (reverse coded).
- History involves a steady improvement in human welfare (reverse coded).
- We are experiencing a decline in the quality of life.
- Steady growth in GNP has brought increased human happiness (reverse coded).
- Modern business constantly builds a better tomorrow (reverse coded).

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. Copyright © 1994 American Marketing Association. Reprinted by permission of the *Journal of Marketing Research*. Published by the American Marketing Association.

Note: Items are presented on a nine-point scale ranging from strong disagreement (1) to strong agreement (9), and responses are summed.

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2

**OBJECTIVE**

Why are teens an important age segment for marketers?

## The Youth Market

In 1956, the label *teenage* entered the general American vocabulary when Frankie Lymon and the Teenagers became the first pop group to identify themselves with this new subculture. Believe it or not, the concept of a teenager is a fairly new idea. Throughout most of history a person simply made the transition from child to adult, and many cultures marked this abrupt

change in status with some sort of ritual or ceremony, as we'll see in the next chapter.

The magazine *Seventeen* first published in 1944; its founders realized that modern young women didn't want to be little clones of Mom. Following World War II, the teenage conflict between rebellion and conformity began to unfold as teen culture pitted Elvis Presley with his slicked hair and suggestive pelvis swivels against the wholesome Pat Boone with his white bucks (see Figure 14.1). Today, this rebellion continues to play out as pubescent consumers forsake their Barbies for the likes of Paris Hilton, Lindsay Lohan (when they're not in jail or rehab), Nick Jonas, or the teen heartthrob *du jour*.<sup>9</sup>

The global youth market is massive. It represents about \$100 billion in spending power! Much of this money goes toward "feel-good" products: cosmetics, posters, and fast food—with the occasional nose ring thrown in. Because teens are interested in so many different products and have the resources to obtain them, many marketers avidly court them.

A major reason for the overwhelming size and future potential of this market is simple: Because of high birthrates (see Chapter 12) in many countries, a large proportion of the population is very young. For example, consider that while 21 percent of U.S. residents are 14 or younger, these are the corresponding percentages in some other countries:<sup>10</sup>

- China: 25 percent
- Argentina: 27 percent
- Brazil: 29 percent
- India: 33 percent
- Iran: 33 percent
- Malaysia: 35 percent
- Philippines: 37 percent

**Figure 14.1** THE U.S. TEEN POPULATION



## Teen Values, Conflicts, and Desires

As anyone who has been there knows, puberty and adolescence is both the best of times and the worst of times. Many exciting changes happen as we leave the role of child and prepare to assume the role of adult. These transitions create a lot of uncertainty about the self, and the need to belong and to find one's unique identity as a person becomes pressing. At this age, our choices of activities, friends, and clothes are crucial. Teens constantly search for cues for the "right" way to look and behave from their peers and from advertising. Advertising to teens is typically action-oriented and depicts a group of "in" teens that use the product.

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 that lets them satisfy these needs. For example, many kids view smoking cigarettes as a status activity because of the numerous movies they've seen that glorify this practice. In one study, ninth graders watched original movie footage with either smoking scenes or control footage with the smoking edited out. Sure enough, when the young viewers saw the actors smoking, this enhanced their perceptions of smokers' social stature and increased their own intent to smoke. (The good news: When kids see an antismoking advertisement before the film these effects cancel out.)<sup>11</sup>

Teenagers in every culture grapple with fundamental developmental issues when they transition from childhood to adult. Throughout history young people have coped with insecurity, parental authority, and peer pressure (although each generation has trouble believing it's not the first!). According to Teenage Research Unlimited, the five most important social issues for teens are AIDS, race relations, child abuse, abortion, and the environment. Today's teens often have to cope with additional family responsibilities as well, especially if they live in nontraditional families where they have significant responsibility for shopping, cooking, and housework. It's hard work being a teen in the modern world. The Saatchi & Saatchi advertising agency identified four basic conflicts common to all teens:

- **Autonomy versus belonging**—Teens need to acquire independence, so they try to break away from their families. However, they need to attach themselves to a support structure, such as peers, to avoid being alone. One survey of teens found that only 11 percent view themselves as "popular."<sup>12</sup>
- **Rebellion versus conformity**—Teens need to rebel against social standards of appearance and behavior, yet they still need to fit in and be accepted by others. They prize "in-your-face" products that cultivate a rebellious image, such as those the retail chain Hot Topic sells, for this reason.
- **Idealism versus pragmatism**—Teens tend to view adults as hypocrites, whereas 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.
- **Narcissism versus intimacy**—Teens tend to obsess about their appearance and needs. However, they also feel the desire to connect with others on a meaningful level.<sup>13</sup>

These needs often collide, sometimes in unpleasant ways (there's nothing more venomous than a teenager who's having a bad hair day!). One researcher explored the role of *ridicule* as a mechanism through which adolescents exchange information about consumption norms and values. He found that often beginning in middle school, adolescents use ridicule to ostracize, haze, or admonish peers who violate consumption norms. One result of this painful process is that kids internalize their peers' stereotypes about aspirational and avoidance groups (remember Chapter 10) and often significantly alter their consumption patterns to try to align themselves with the former and distance themselves from the latter. For example, one of the kids in the study quickly exchanged a pair of white sneakers for more stylish black ones after his peers ridiculed him.<sup>14</sup>

## ECONsumer Behavior



The economy forces a lot of youth retailers into a strategic about-face. In recent years “concept stores” popped up in malls across America to cater to niches of teens like surfers, skaters, and preppies. Now analysts say there are too many of these boutiques that fight over too few customers. Major chains including Pacific Sunwear of California, Abercrombie & Fitch, and American Eagle Outfitters closed new stores as they hoard their dwindling resources to focus on their core brands.<sup>15</sup>

Although teens have the “rep” of always questioning authority, it’s also important to keep in mind that one person’s rebellion is another’s disobedience—there are strong cultural differences when it comes to the desirability of revolting against the establishment.<sup>16</sup> For example many Asian teens don’t necessarily value rebellion against a middle class that they are just now starting to join. An MTV executive commented, “Asian youth are schizophrenic. They lead double lives, almost. On one hand, they’ve got their earrings, belly-button rings and ponytails, but on the other hand, they’re completely conformist.” In Singapore, Coca-Cola discovered that teen-oriented ads it used successfully elsewhere, such as a shirtless guy who bodysurfs at a rock concert or who recklessly rides a grocery cart down a store aisle, simply didn’t make it with local kids who thought the ads were too unruly. One 18-year-old Singaporean’s reactions to a scene showing kids head-banging sums up this feeling: “They look like they’re on drugs constantly. And if they’re on drugs, then how can they be performing at school?”

## Gen Y

A recent brand overhaul by Pepsi that includes its new smiley-face logo had the so-called **Gen Y** age segment squarely in its sights. Young people have always been Pepsi’s lifeblood, starting with its tagline “You’re in the Pepsi Generation” that over time evolved into “Generation Next” and “The Choice of a New Generation.” But, that blood has drained a bit over the last few years as young people gravitate toward energy drinks and fortified waters. The company’s research showed it that this age group—that also goes by the labels **Millennials** and **Echo Boomers**—are hopeful about the future; almost all of them agree that it’s important to maintain a positive outlook on life. Pepsi also found that 95 percent of Millennials have positive associations with the word *change* and they link the word to others like *new*, *progress*, *hope*, and *excitement*. Presumably this is part of the same sentiment that propelled President Obama’s campaign. Indeed, during the 2008 presidential campaign many observers noted striking similarities between the cola brand’s logo and the candidate’s—and it didn’t hurt that the Democratic Convention took place in Denver’s Pepsi Center.<sup>17</sup>

Gen Yers were born between 1984 and 2002. They already make up nearly one-third of the U.S. population, and they spend \$170 billion a year of their own and their parents’ money. They love brands like Sony, Patagonia, Gap, Aveda, and Apple. Echo boomers are a reflection of the sweeping changes in American life during the past 20 years. They are also the most diverse generation ever: Thirty-five percent are non-white, and, as we saw in Chapter 11, they often grow up in nontraditional families: Today one in four 21-year-olds was raised by a single parent, and three out of four have a working mother.

Members of Gen Y are “jugglers” who value being both footloose and connected to their “peeps” 24/7. The advertising agency Saatchi & Saatchi labels this new kind of lifestyle **connexity**. To help Millennials feel connected with one another, companies including Apple and Philips developed miniature devices such as the iPod and MP3 key ring that store music and images for kids on the run—and they plug directly into a USB port for up- and downloading. When Toyota developed its youth-oriented Scion model, researchers learned that Echo boomers practically live in their cars—one-quarter of Gen Yers, for example, keep a full change of clothes in their vehicles. So Toyota’s designers made the Scion resemble a home on wheels with fully reclining front seats so drivers can nap between classes and a 15-volt outlet so they can plug in their computers.<sup>18</sup>

Unlike their parents or older siblings, Gen Yers tend to hold relatively traditional values and they prefer to fit in rather than rebel. Their acculturation agents (see Chapter 13) stress teamwork—team teaching, team grading, collaborative sports, community service, service learning, and student juries. Violent crime among teenagers is down 60 to 70 percent. The use of tobacco and alcohol is at an all-time low, as is teen pregnancy. Five out of ten Echo boomers say they trust the government, and virtually all of them trust Mom and Dad.<sup>19</sup>

## Digital Natives

Millennials are the first generation to grow up with computers at home, in a 500-channel TV universe. They are *multitaskers* who easily engage their cell phones, music downloads, and IMs at the same time. They are totally at home in a *thumb culture* that communicates online and by cell phone (more likely via text and IM than by voice). These kids truly are **digital natives**. Many young people prefer to use the Internet to communicate because its anonymity makes it easier to talk to people of the opposite sex or of different ethnic and racial groups.<sup>20</sup> A spate of recent studies on how Millennials use technology confirms this profile:<sup>21</sup>

- **Texting**—Overall, American cell phone subscribers use their mobiles more to send text messages than to make calls, and teens drive that change. Accenture reports that more than one-half of teens said mobile phones were their preferred means of communication (compared to only 20 percent of psychedelic relics over 45). Young adults spend about 32 minutes a day texting as new acronyms penetrate our language such as *paw* (parents are watching), *lol* (laughing out loud), *g2g* (got to go) and *ooc* (out of control). Harris Interactive found that 42 percent of teens claim they can write text messages while blindfolded.<sup>22</sup>
- **Video**—American Internet users ages 12 and older average more than six hours per day watching video—they devote about four hours of this total to traditional television, including live, digital video recorder (DVR), and video-on-demand (VOD) viewing; video games; and Web and PC videos, DVDs and video on mobile devices accounted for the balance. Analysts project that this total will grow to eight hours per day by 2013, and most of this increase will be due to the boom in online video. And, as a harbinger of the future, Nielsen reports that while kids ages 2 to 11 use the Internet far less than other age groups, they spend almost one-third of their online time watching videos.
- **Online brand WOM**—About one in three Millennials say that within a month they talk about a brand on a discussion forum, about 20 percent put brand-related content on their instant messaging (IM) profile, and the same proportion add branded content to their home page or social networking site. Nearly one-half click on online ads.<sup>23</sup>
- **Consumer-generated content**—About two-thirds of online teens say they participate in one or more content-creating activities on the Internet. One-third creates or works on Web pages or blogs for others, including those for groups they belong to, friends, or school assignments. And about one-quarter remix content they find online into their own creations.

One pair of researchers took an in-depth look at how 13- and 14-year-olds integrate the computer into their lives, and how they use it expresses their *cyberidentities*. These tweens have limited mobility in RL (too young to drive), so they use the computer to transport themselves to other places and modes of being. The researchers explored the metaphors these kids use when they think about their computers. For some, the PC is a “fraternity house” where they can socialize; it also can be a “carnival” where they play games and an “external brain” that helps with homework.<sup>24</sup>

## Speak to Teens in Their Language

Because modern teens were raised on TV and tend to be more “savvy” than older generations, marketers must tread lightly when they talk to them. If the message is going to work they have to see it as authentic and not condescending. As one researcher observed, “They have a B.S. alarm that goes off quick and fast. . . . They walk in and usually make up their minds very quickly about whether it’s phat or not phat, and whether they want it or don’t want it. They know a lot of advertising is based on lies and hype.”<sup>25</sup>

So what are the rules of engagement for young consumers?<sup>26</sup>

- **Rule 1: Don’t talk down**—Younger consumers want to draw their own conclusions about products. In the words of one teen: “I don’t like it when someone tells

## The Tangled Web



Young people today have an unprecedented ability to learn about others—but also to let others learn about them. More than one-quarter of teenagers say they write openly about themselves and friends online, and 17 percent openly share details of their lives. And, almost half of online teens say they have uploaded photos of themselves—most of these say that people comment on the images at least “some of the time.”

Parents often are clueless about just how much time their kids devote to cyberspace: A Symantec study found that parents in the United States think their kids are online 2 hours a month, but in reality, kids report spending 20 hours a month online. Four in ten American teens agree that their parent have no idea what they look at online!



## Marketing Pitfall



A new study the National Institutes of Health funded reports that young people tend to drink more in areas with more alcohol advertising compared to areas with less advertising. The study looked at alcohol advertising in 24 media markets across the United States, and the researchers collected data on the amount of alcohol people aged 15 to 26 in those markets consume.

On average, young people report they consume about 38.5 drinks per month, and they see an average of 23 ads per month. Respondents who said they saw more ads and who lived in areas with higher-per-capita populations also said they drank more than those who saw fewer ads. The authors estimate that each \$1 per-capita increase in alcohol spending boosts drinking by 3 percent in a month. All things being equal, a 20-year-old male who lives in a media market with the highest per capita advertising consumes about 26 drinks per month, compared to his counterpart in an area with less alcohol ads.

In addition, this age group's exposure to alcohol advertising climbed sharply between 2001 and 2007. The average 12- to 20-year-old TV viewer saw an average of 301 ads for alcoholic beverages during 2007, up from 217 during 2001 and from 285 during 2006. That increase occurred despite the adoption of standards by alcohol-industry trade groups that instructed members not to advertise where 30 percent or more of the audience was less than 21 years of age.<sup>28</sup>

me what to do. Those drugs and sex commercials preach. What do they know? Also, I don't like it when they show a big party and say come on and fit in with this product. That's not how it works."

- **Rule 2: Don't try to be what you're not. Stay true to your brand image**—Kids value straight talk. Firms that back up what they say impress them. Procter & Gamble appealed to this value with a money-back guarantee on its Old Spice High Endurance deodorant with an invitation to phone 1-800-PROVEIT.
- **Rule 3: Entertain them. Make it interactive and keep the sell short**—Gen Yers like to find brands in unexpected places. The prospect of catching appealing ads is part of the reason they're watching that TV show in the first place. If they want to learn more, they'll check out your Web site.
- **Rule 4: Show that you know what they're going through, but keep it light**—A commercial for Hershey's Ice Breakers mints subtly points out its benefit when it highlights the stress a guy feels as he psyches himself up to approach a strange girl at a club. "I'm wearing my lucky boxers," he reassures himself. "Don't trip. Don't drool. Relax. How's my breath?"

### Tweens

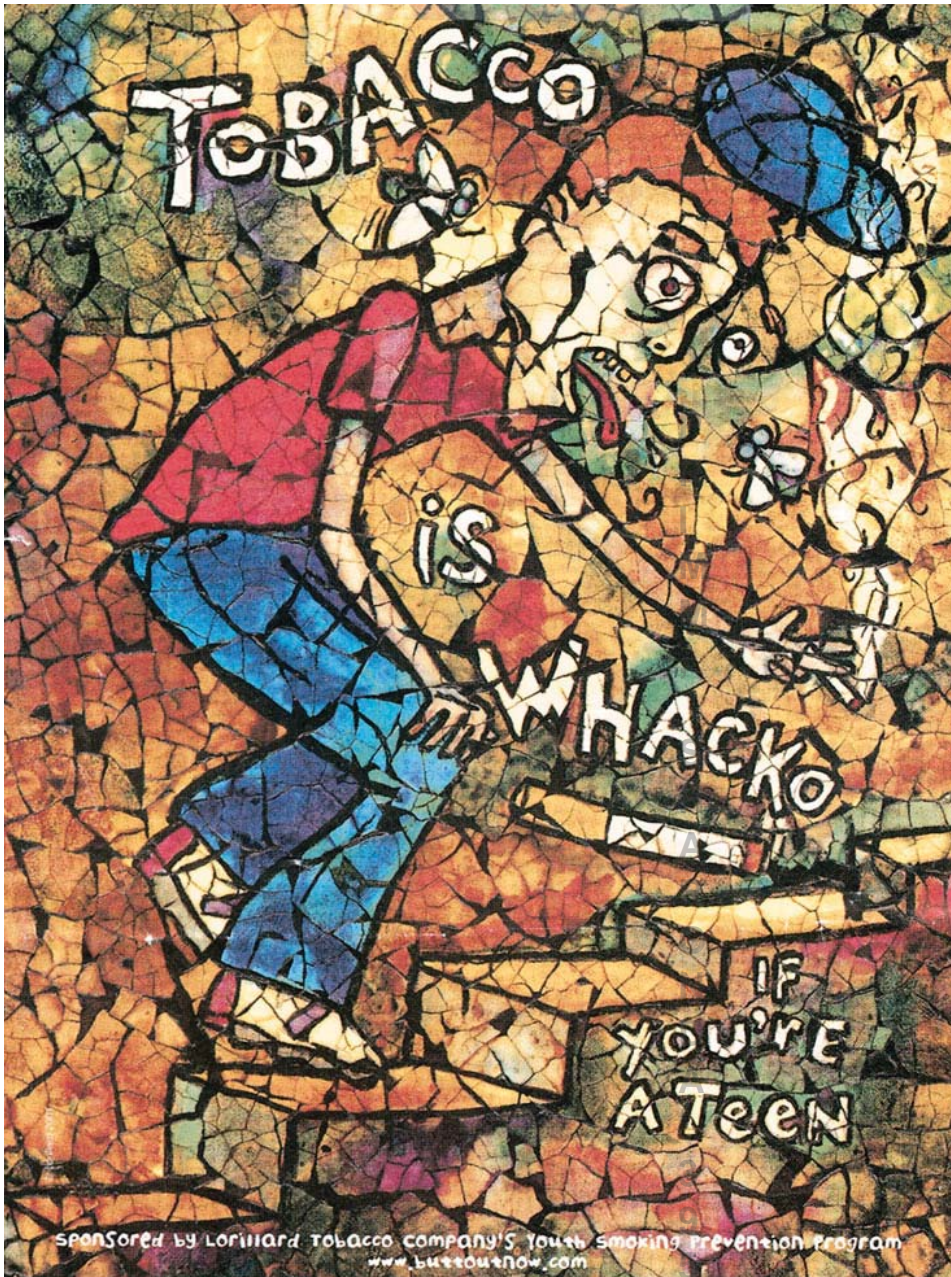
Marketers invented the term **tweens** to describe the 27 million children aged 8 to 14 who spend \$14 billion a year on clothes, CDs, movies, and other "feel-good" products. Tweens are "between" childhood and adolescence, and they exhibit characteristics of both age groups. As one tween commented, "When we're alone we get weird and crazy and still act like kids. But in public we act cool, like teenagers."<sup>27</sup>

A recent marketing campaign by Victoria's Secret illustrates the fine line marketers must walk when they deal with consumers who are not children but not yet adults, or even full-fledged teens. When the retail chain developed Pink, a lingerie line for younger girls, it wanted to avoid the heat that Abercrombie & Fitch attracted when it sold child-size thong underwear. The company recruited about two dozen (female) students at colleges such as Ohio State, UCLA, and Penn State as brand ambassadors. These older girls became role models for the tween set. Members of Team Pink hand out free gift flyers, give away tickets to special screenings of popular TV shows, and orchestrate stunts such as hiding a thousand pink stuffed animals around campus. "All they are really asking me to do is support another cause," one ambassador explained to her school newspaper, "and the cause happens to be underwear instead of the homeless, child poverty or hunger."<sup>29</sup> Wow.

### Youth Tribes

We talked about the emergence of consumer tribes in Chapter 10. Brands with a tribal appeal reinforce belonging when they let people display tribal trappings.<sup>30</sup> In-line roller skaters in France are a great example of the tribal phenomenon at work. There are about 2 million in-line skaters in France today, divided equally by gender. This group has its "in-groups" and "out-groups" within the tribe, but all connect via their shared skating experience. These urban skaters hold national gatherings in Paris that can attract 15,000 people, many of whom belong to associations such as Roller et Coquillages and Paris Roller. Specialized Web sites for members of the skating tribe let them meet to chat and to exchange information. Small tribal divisions exist (e.g., fitness skaters versus stunt skaters), but all identify with the broader skating tribe.

Tribal gatherings provide manufacturers with an opportunity to strengthen the group bond when they offer accessories such as shoes, key chains, belts and hats, backpacks, sunglasses, T-shirts, and other goodies that reinforce membership. For example, although skaters can choose from many brands, K2, Razor, Oxygen, Tecnica, and Nike, the original Rollerblade product still holds cult status within the tribe. Tatoo, the pager arm of France Telecom, builds on tribal bonds with in-line skaters when it sponsors Tatoo Roller Skating in Paris and similar events around the



Marketers often influence public policy by creating messages to influence behaviors like smoking and drug use. This mosaic was used to promote Lorillard Tobacco's Youth Smoking Prevention Program.

Source: Courtesy of Lorillard Tobacco Corp. c/o Lowe Worldwide.

country. Specialized magazines such as *Crazy Roller*, *Urban*, and *Roller Saga* carry informational articles as well as celebrity spots.

Closer to home, the American athletic shoe company AND 1 appeals to members of a basketball tribe that admits members if they can blow by a defender on the court. The company carefully cultivates a trash-talking street image (it distributes shirts with slogans such as "I'm sorry. I thought you could play") and it recruits street players to match its renegade brand image.<sup>31</sup>

The tribal phenomenon is very strong in Japan, where teenagers invent, adopt, and discard fads with lightning speed. Teenage girls in Japan exhibit what science fiction writer William Gibson (who invented the term *cyberspace*) calls "techno-cultural suppleness"—a willingness to grab something new and use it for their own ends—matched by no other group on earth. According to one estimate, cell phones sit in the purses and pockets of about 95 percent of all Japanese teenage girls. Unlike American phones, these devices connect constantly to the Internet and plug these girls into a massive network.

## Marketing Opportunity



College students are loyal to brands that they feel contribute to social issues and the environment, and

students' preferences for brands they perceive to be socially responsible is on the rise. About 40 percent say they choose socially responsible brands that donate money to a cause, use ecofriendly material, or have fair labor practices. One in five uses a social networking profile to show support for a cause. In 2008, these were the brands college students named as most socially responsible:<sup>36</sup>

- Food/Beverage: Yoplait
- Automotive: Toyota
- Personal Care: Burt's Bees
- Retail: Target
- Shoes & Apparel: Nike

### Big (Wo)Man on Campus

Advertisers spend approximately \$100 million a year on campuses to woo college students, and with good reason: Overall, students spend more than \$11 billion a year on snacks and beverages, \$4 billion on personal care products, and \$3 billion on CDs and tapes. Seventy percent of them own a laptop. Many students have plenty of extra cash and free time (not you, of course . . .): On an average day the average student spends 1.7 hours in class and another 1.6 hours studying. This “average” student (or are all students above average?) has about \$287 to spend on discretionary items per month. As one marketing executive observed, “This is the time of life where they’re willing to try new products. . . . This is the time to get them in your franchise.” The college market is also attractive to many companies because these novice consumers are away from home for the first time, so they have yet to form unshakeable brand loyalty in some product categories such as cleaning supplies (bummer!).<sup>32</sup>

Nevertheless, college students pose a special challenge for marketers because they are hard to reach via conventional media such as newspapers. Of course, online advertising is very effective: Ninety-nine percent of college students go online at least a few times per week, and 90 percent do so daily. Web sites such as [mtvU.com](http://mtvU.com) and [collegehumor.com](http://collegehumor.com) blossom because they reach students where they live and play.<sup>33</sup> These specialized networks provide college students with irreverent programming that appeals to their sense of humor with shows such as *Bridget the Midget*, which follows the life of a 3-foot-tall former porn star who is now an aspiring rock singer, and an anti-Martha Stewart cooking show called *Half Baked*, which features celebrities such as Shaquille O’Neal and Lisa Loeb who share recipes.<sup>34</sup> To acknowledge the power of this market, Nielsen Media Research now includes college students who live away from home in its television ratings. Nielsen reports that students watch an average of 24.3 hours of television a week.<sup>35</sup>

### How Do We Research the Youth Market?

Research firms that specialize in the youth market have to be innovative because many Millennials don’t respond well to traditional survey techniques. Pizza Hut invites teens into its boardroom to eat lunch with company executives and share their opinions about the perfect pie. Some research companies give teens video cameras and ask them to record a “typical” day at school—along with play-by-play commentary to help interpret what’s going on. Other marketers pay \$2,500 a head to spend a day at Trend School, a monthly one-day forum in New York and Los Angeles. The “students” hang out with über-cool kids to learn about the latest tech, music, and fashion trends.<sup>37</sup>

When the Leo Burnett advertising agency revamped Heinz ketchup’s image to make it cool, the account research team took teens to dinner to see how they actually use ketchup. These meals opened their eyes; new ads focus on teens’ need for control when they show ketchup smothering fries “until they can’t breathe” and tout new uses for the condiment on pizza, grilled cheese, and potato chips.<sup>38</sup> Procter & Gamble goes to the Web to learn what kids are thinking. At its Tremor site, P&G recruits teen members and rewards them with merchandise for spreading the word about products.<sup>39</sup>

All of these techniques are about defining what is cool to teens—the Holy Grail of youth marketing. One study asked young people in the United States and the Netherlands to write essays about what is “cool” and “uncool” and to create visual collages that represent what it means to be cool.<sup>40</sup> The researchers found that cool has multiple meanings to kids in these two cultures. 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 as follows:

- “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 standoffish, 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).

Marketers view teens as “consumers-in-training” because we often develop strong brand loyalty during adolescence. A teenager who commits to a brand may continue to purchase it for many years to come. Such loyalty creates a barrier to entry for other brands he or she didn’t choose during these pivotal years. Thus, advertisers sometimes try to “lock in” consumers so that in the future they will buy their brands 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>41</sup>

Teens also exert a big influence on the purchase decisions of their parents (see Chapter 11).<sup>42</sup> In addition to providing “helpful” advice to parents, teens often buy on behalf of the family. The majority of mothers today work outside the home so they have less time to shop for the family. This fundamental change in family structure changes how marketers need to think about teenage consumers. Although teens are still a good market for discretionary items, now they actually spend more on “basics” such as groceries than for nonessentials. Marketers are responding to these changes—the next time you read through a magazine such as *Seventeen*, notice the large number of ads for food products.

## Gen X

**Gen X** consists of 46 million Americans. This group got the label following publication of the 1991 best-selling novel *Generation X: Tales for an Accelerated Culture* by Douglas Coupland. Some called them “slackers” or “baby busters” because of their supposed alienation and laziness, and these stereotypes live on in movies such as *Clueless* and in music groups such as Marilyn Manson.<sup>43</sup>

Advertisers fell all over themselves to create messages that would not turn off the worldly Generation X cohort. Many of them referenced old TV shows such as *Gilligan’s Island* or showed commercials that featured disheveled actors in turned-around baseball caps who tried their best to appear blasé. This approach actually turned off a lot of busters because it implied that they had nothing else to do but sit around and watch old television reruns. Subaru sponsored one of the first commercials of this genre. It showed a sloppily dressed young man who described the Impreza model as “like punk rock” as he denounced the competition as “boring and corporate.” The commercial did not play well with its intended audience, and Subaru eventually switched advertising agencies.

Today Gen Xers have grown up and in fact members of this generation are responsible for many culture-changing products and companies such as Google, YouTube, and Amazon. A recent book that laments the bad rap Gen X has gotten sums it up: *X Saves the World: How Generation X Got the Shaft but Can Still Keep Everything from Sucking*.<sup>44</sup>

PepsiCo used a digital campaign to promote its new fruit-flavored and caffeine-free Tava drink—but it targets the beverage primarily to men and women ages 35 to 49.

Source: TAVA is a registered trademark of The Concentrate Manufacturing Company of Ireland. Used with permission.

**Discover a new world of flavor**

**Zero calories. Enhanced with vitamins and imagination.**

**TAVA**  
ZERO CALORIE SPARKLING BEVERAGE  
*Mediterranean Fiesta*  
BLACK CHERRY CITRUS  
NATURALLY FLAVORED WITH OTHER NATURAL FLAVORS  
SPARKLE, SUGAR, VITAMIN B6 AND CHROMIUM

**TAXI 412**

**is your TAVA open?**

TAVA and IS YOUR TAVA OPEN? are trademarks of The Concentrate Manufacturing Company of Ireland. 6101000

## The Mature Market

Restylane is the top-selling dermal injection to reduce the appearance of wrinkles. The company decided to pitch it directly to consumers for the first time, so in keeping with new media trends it launched a multipronged campaign that recognizes the technical prowess of many middle-aged people. A conventional TV spot features before-and-after results along with women who talk about how frequently men check them out after the treatment. But a second component is a video skit on YouTube that supposedly takes place during a woman's fiftieth birthday party. While her son works on a video birthday card, Mom gets caught smooching with a younger man on a couch. Viewers don't know the skit is an ad until the last 15 seconds. A third prong is a contest to name the "Hottest Mom in America"—contestants submit videos to a Web site and the winner gets cash, free treatments for a year, and an interview with a modeling agency.<sup>45</sup> Today's Mom isn't exactly June Cleaver. Let's take a closer look at the changing face of mature consumers—some of them aren't as mature as they used to be.



This 1962 Pepsi ad highlights the emphasis on youth power that began to shape our culture as baby boomers came of age in the 1960s.

Source: Courtesy of PepsiCo.

### 3

#### OBJECTIVE

Why do Baby Boomers continue to be the most powerful age segment economically?

## Baby Boomers

The **Baby Boomer** age cohort consists of people whose parents established families following the end of World War II and during the 1950s when the peacetime economy was strong and stable. As a general rule, when people feel confident about how things are going in the world, they are more likely to decide to have children so this was a “boom” time for delivery rooms. As teenagers in the 1960s and 1970s, the “Woodstock generation” created a revolution in

style, politics, and consumer attitudes. As they aged, they fueled cultural events as diverse as the Free Speech movement and hippies in the 1960s to Reaganomics and yuppies in the 1980s. Now that they are older, they continue to influence popular culture.

7  
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## ECONsumer Behavior



A study sponsored by AARP divides Boomers into segments based on how they handle the economic downturn.

- **The “yesterday” group**—Their attitude is summed up by the statement, “Life was better in the 1950s.” They are concerned about an uncertain future. Members long for a simpler life, feel that they have not accomplished much, and have few goals. About 40 percent say their health has declined. The analysts recommend that marketers reassure these individuals that they are not alone and validate their years of hard work.
- **The “today” group**—This label applies to about 30 percent of boomers. They agree with the statement: “We live in exciting times.” They are confident, healthy, and

Many Baby Boomers are interested in maintaining a youthful appearance and will go to great lengths to preserve it.

Source: Botox® Cosmetic ad used with permission of Allergan Inc.

As the Restalyne campaign demonstrates, this generation is much more active and physically fit than its predecessors; baby boomers are 6 percent more likely than the national average to engage in some kind of sports activity.<sup>46</sup> And boomers are now in 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 to 44 spend the most on housing, cars, and entertainment. Baby Boomers are busy “feathering their nests”—they account for roughly 40 percent of all the money consumers spend on household furnishings and equipment. In addition, consumers aged 45 to 54 spend the most of any age category on food (30 percent above average), apparel (38 percent above average), and retirement programs (57 percent above average).<sup>47</sup> To appreciate the impact middle-aged consumers have and will have on our economy, consider this: At current spending levels, a 1 percent increase in the population of householders aged 35 to 54 results in an additional \$8.9 billion in consumer spending.

In addition to the direct demand for products and services this age group creates, these consumers have also fostered a new baby boom of their own to keep marketers busy in the future. Because 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 is more of a *baby boomlet*. Many boomer couples postponed getting married and having children because of the new opportunities and options for women. They began to have babies in their late 20s and early 30s so there were fewer (but perhaps more pampered) children per family. This new emphasis on children and the family creates opportunities for products such as cars (e.g., the success of the SUV concept among “soccer Moms”), services (e.g., the day-care industry and big chains such as KinderCare), and media (e.g., magazines such as *Working Mother*).

Although youth always lures advertisers, many companies reconsider this fixation in light of boomers’ huge spending power. An ad for the Toyota Highlander

Real Women Reveal

Visit [BotoxCosmetic.com](http://BotoxCosmetic.com)  
or call 1-800-800MD

By prescription only

**“I was really curious about BOTOX® Cosmetic.**

But something kept holding me back. So I did my homework. I talked to my friends. Then I talked to my doctor.

She told me Botox® Cosmetic is the only prescription treatment approved by the FDA for the frown lines between your brows. Ten minutes – a few tiny injections administered by your doctor – lasts up to four months!

My friend Suzy’s deep frown line practically disappeared within days.

That’s when I decided to make the appointment. I never thought Botox® Cosmetic was for someone like me. But now I think, why not me??” Collette, Wilton, CT

Don’t know where to find a doctor? Visit [BotoxCosmetic.com](http://BotoxCosmetic.com) for the name of an experienced physician in your area.

**The one, the only  
BOTOX® Cosmetic.**

Individual results may vary. Botox® Cosmetic is approved for the temporary treatment of moderate to severe frown lines between the brows in people ages 18-65. In clinical studies, 89% of patients and 80% of doctors rated improvement as moderate or better. Ask your doctor if Botox® Cosmetic is right for you.

**Important Safety Information:** Patients with certain neurological disorders such as ALS, myasthenia gravis or Lambert-Eaton syndrome may be at increased risk of serious side effects. Serious allergic reactions have been rarely reported. If you think you’re having an allergic reaction or other unusual symptoms such as difficulty swallowing, speaking or breathing, call your doctor immediately. The most common side effects following injection include headache, respiratory infection, flu syndrome, temporary eyelid droop and nausea.

Please see additional information on the following page.

**BOTOX®  
Cosmetic**  
*Botulinum Toxin Type A*

shows boomers whose nests are emptying and declares, “For your newfound freedom, it’s about how you are going to reinvent yourself for what could be 30 or 40 years of retirement, which is very different from your parents and grandparents.”<sup>49</sup> Even mobile marketers who typically blast messages to kids on their cell phones have begun to target the middle-aged. For example, *Redbook* readers can text message to bid on a year’s worth of movie tickets.<sup>50</sup>

## 4

### OBJECTIVE

Why will seniors increase in importance as a market segment?

## The Gray Market

The old woman sits alone in her dark apartment while the television blares out a soap opera. Once every couple of days, her arthritic hands slowly and painfully open her triple-locked door as she ventures out to the corner store to buy essentials such as tea, milk, and cereal—of course she always picks the least expensive brand. Most of the time she sits in her rocking chair and

thinks sadly about her dead husband and the good times they used to have together.

Is this the image you have of a typical elderly consumer? Until recently, many marketers did. They neglected the elderly in their feverish pursuit of the youth market. But as our population ages and we live longer and healthier lives, the game is rapidly changing. A lot of businesses are updating their old stereotype of the poor recluse. The newer, more accurate image is of an active person interested in what life has to offer, and who is an enthusiastic consumer with the means and willingness to buy many goods and services. For example, as we saw earlier in this chapter, Sony targeted zoomers after the company discovered that about a third of its sales come from consumers aged 50 and older. And this market grows even as we speak: An American turns 50 every 7 seconds.<sup>52</sup>

## Gray Power: Seniors’ Economic Clout

Think about this: The United Nations says that people older than 60 are the fastest-growing age group on earth. There are 700 million of them now, and there will be 2 billion by midcentury. In the United States, by 2030, 20 percent of the population will be over the age of 65.<sup>53</sup> By 2100 there will be 5 million of us who are at least 100 years old.<sup>54</sup> Few of us may be around then, but we can already see the effects of the **gray market** today. Older adults control more than 50 percent of discretionary income, and worldwide consumers over age 50 spend nearly \$400 billion a year.<sup>55</sup> The mature market is the second-fastest-growing market segment in the United States, lagging only behind boomers. We’re living longer and healthier because of more wholesome lifestyles (at least some of us), improved medical diagnoses and treatment, and changing cultural expectations about appropriate behaviors for the elderly.

Given the economic clout of senior consumers, it’s often surprising how many marketers ignore them in favor of younger buyers—even though they are among the most brand loyal of any group. Older consumers repurchase a brand more frequently, consider fewer brands and dealers, and choose long-established brands more often.<sup>56</sup> Still, most contemporary advertising campaigns don’t recognize these buyers. Even though people over the age of 50 account for half of all the discretionary spending in the United States, watch more television, go to more movies, and buy more CDs than do the young, Americans over age 50 are the focus of less than 10 percent of the advertising.<sup>57</sup>

That focus is indeed changing, as big marketers like Kraft, L’Oréal, Procter & Gamble, and Target set their sights on the over-50 market. Their interest is enhanced by the recession, where people with paid-off mortgages start to look more attractive than younger people who may be laid off tomorrow. In the words of a Nielsen executive, “Especially in this economy, with marketers’ budgets under so much stress, they would prefer to spend dollars on today’s sales instead of thinking about establishing brand loyalty.”<sup>58</sup>

satisfied with their accomplishments. They are more affluent and have planned their financial situation well so they feel they have earned the right to enjoy their retirement. Messages for this group should celebrate their success and encourage members to embrace the moment.

- The “tomorrow” group—About 45 percent of boomers live by the philosophy “tomorrow will be better than today.” These people are still very optimistic despite recent financial or health setbacks. They are highly connected to their communities, feel young for their age, and many like to try new things. Messages should emphasize optimism and giving back to the community as opposed to “retiring rich.”<sup>48</sup>

## Marketing Opportunity



As Boomers age, the cosmetics industry is moving away from a singular reliance on young, perfect models. Unilever recently launched a “Pro-Age” line of Dove personal care products that puts a more upbeat spin on the traditional “anti-” advertisers use to describe anti-aging products. Cover Girl hired comedienne Ellen DeGeneres, who at over 50 years old, would seem like an unlikely candidate to represent a major cosmetics brand, to represent its products. You can easily see actress Andie MacDowell’s crows’ feet in a L’Oréal print campaign for Revitalift Anti-Wrinkle Concentrate, and Diane Keaton (in her 60s) endorses L’Oréal’s hair color and Age-Perfect Pro Calcium moisturizer. The editor of *More*, a magazine for women over 40, explained, “We’re getting worn out by the Lindsays and the Britneys, and I think we need a break.”<sup>51</sup>





## CB AS I LIVE IT

Dan Birnbaum, Michigan State University

### Woes of a Marketing Student

How can I market a product to all these different groups?  
It feels impossible, I am going in loops.  
They all have different values, conflicts, and desires,  
I'm getting nowhere, like trying to untangle a box of wires.  
I would know what to do if a baby boomer was looking for a car,  
Or how to target teens that still really don't know who they are.  
For college students wall and Internet media may be the best,  
But these forms of media won't work as well on all the rest.  
I didn't want to sell to the mature market; they have a lot on their plates,  
Until I found out they do the most discretionary spending in the whole United States.  
I should bribe the "cool hunters" to hype up my stuff as much as they can,

They live in the big city markets; they'll report all the new trends.

I'll target the baby boomers that's definitely my best bet.

It is much harder however to sway an adult whose mind is already set.

Teens want to be independent and buy nonessential stuff,

But making sure I appeal to the youth market could be tough.

They spend 14 billion a year on "feel-good" items like clothes, or DVDs,

This market could definitely be tapped if I am as entertaining and familiar as I can be.

I can't forget about one-third of us that fall under Generation Y,

They're the most diverse group of them all, which is plenty of reason to try.

They are made up of cell phone talkers the music downloaders and Internet users,

All the pressure is on them, they can't afford to be the losers.

I don't know what to do; I'm the one, who's lost,

My benefit here definitely doesn't exceed my cost!

Now let's step back and look at all this in a rational way,

How well a product sells is all about how you act, and what you say.

Teens are interested in forming self-concept and fitting in,

So if we target their new-found independence, there is no way we can't win.

As for college students with a bit of free time and some extra cash,

They have no brand loyalty, and their decisions are often rash.

The baby boomers stress about staying young and being physically fit,

Expressing the youthfulness of the product is an aspect that we must hit.

These age subcultures are something very real,

But remember age is a state of mind and is all about how you feel.

If you learn how to implement this in your marketing strategy,

You will market your product much better than me!

### 3

Some of the important areas that stand to benefit from the surging gray market include exercise facilities, cruises and tourism, cosmetic surgery and skin treatments, and "how-to" books and university courses that offer enhanced learning opportunities. In many product categories seniors spend their money at an even greater rate than other age groups: Householders aged 55 to 64 spend 15 percent more than average per capita. They shell out 56 percent more than the average consumer on women's clothing, and as new grandparents they actually spring for more toys and playground equipment than people aged 25 to 44.<sup>59</sup> In fact, the average grandparent spends an average of about \$500 per year on gifts for grandchildren—have you called yours today?<sup>60</sup>

## Perceived Age: You're Only as Old as You Feel

Research confirms the popular wisdom that age is more a state of mind than of body. A person's mental outlook and activity level have a lot more to do with longevity and quality of life than does *chronological age*, the actual number of years the person has actually been alive. That's why **perceived age**, or how old a person *feels*, is a better yardstick to use. Researchers measure perceived age on several dimensions, including "feel-age" (i.e., how old a person feels) and "look-age" (i.e., how old a person



Dove soap challenges Western society's "young is beautiful" stereotype.

Source: Courtesy of Unilever.

looks).<sup>61</sup> The older consumers get, the younger they feel relative to their actual age. For this reason, many marketers emphasize product benefits rather than age-appropriateness in marketing campaigns because many consumers will not relate to products that target their chronological age.<sup>62</sup>

### How Should Marketers Talk to Seniors?

Hallmark's marketing group thought it stumbled on a gold mine. When it realized that about 78 million baby boomers are hitting age 50, the company created "Time of Your Life" cards to subtly flatter the aging ego. They depicted youthful-looking oldsters frolicking on beaches and diving into pools. But Hallmark missed one tiny yet crucial psychological detail: No self-respecting senior wants his friends to catch him shopping in the "old-people's card" section. It had to scrap the line.<sup>63</sup>

This debacle underscores how important it is to understand the psyche of older people. Researchers point to a set of key values relevant to mature consumers. For marketing strategies to succeed, they should link to one or more of these factors:<sup>64</sup>

- **Autonomy**—Mature consumers want to lead active lives and to be self-sufficient. The advertising strategy for Depends, undergarments for incontinent people

Echoing the saying, “You’re only as old as you feel,” this ad reminds us that a person’s perceived age often does not correspond to his or her chronological age.

Source: Courtesy of Aetna US Healthcare.

A ROCKING CHAIR IS A PIECE OF FURNITURE.  
NOT A STATE OF MIND.

We know people whose lust for life has not and will not diminish because it's the morning after their 65th birthday. They're too busy putting the finishing touches on a book of poems. Tutoring underprivileged kids with their math. Learning the tango. Or taking acting classes. It's an outlook that works rather well with ours. Whether it's annuities, 401(k)s, IRAs, mutual funds or life insurance for your family, we've packaged a unique set of tools to help you realize your life's next great exploit. Which comes naturally when retirement isn't viewed as merely an end. But rather the way you've been living all along: passionately. For a free brochure, call 1-800-AETNA-60 or visit us at <http://www.aetna.com>.

Build for Retirement. Manage for Life.

**Aetna**  
Retirement Services.

made by Kimberly-Clark, centers on senior celebrities such as actress June Allyson, who plays golf and goes to parties without worrying about her condition.

- **Connectedness**—Mature consumers value the bonds they have with friends and family. Quaker Oats successfully tapped into this value with its ads that feature actor Wilford Brimley, who dispenses grandfatherly advice to the younger generation about eating right.
- **Altruism**—Mature consumers want to give something back to the world. Thrifty Car Rental found in a survey that more than 40 percent of older consumers would select a rental car company if it sponsors a program that gives van discounts to senior citizens' centers. Based on this research, the company launched its highly successful program, “Give a Friend a Lift.”

Larger numbers of older people lead more active, multidimensional lives than we assume. Nearly 60 percent engage in volunteer activities, one in four seniors aged 65 to 72 still works, and more than 14 million provide care for their grandchildren.<sup>65</sup> And it is crucial to remember that income alone does not express seniors' spending power. Older consumers are finished with many of the financial obligations that siphon off the income of younger consumers. Eighty percent of consumers older than age 65 own their own homes. In addition, child-rearing costs are over. As the popular bumper sticker proudly proclaims, “We’re Spending Our Children’s Inheritance!”

Still, outdated images of mature consumers persist. The editors of *AARP Magazine* reject about a third of the ads companies submit to them because they portray older people in a negative light. In one survey, one-third of consumers older than age 55 reported that they deliberately did not buy a product because of the way

its ads stereotype older people.<sup>66</sup> To address these negative depictions, some marketers provide more welcoming environments for seniors:

- Wal-Mart hires older people as greeters to be sure their senior customers feel at home.
- The Adeg Aktiv Markt 50+ in Salzburg, Austria, is Europe's first supermarket for shoppers older than age 50. The labels are big; the aisles are wide; the floors are nonskid, even when wet; and there are plenty of places to sit down. The lights are specially calibrated to reduce glare on elderly customers' more sensitive eyes. The shelves are lower so products are within easy reach. And in addition to regular shopping carts, there are carts that hook onto wheelchairs and carts that double as seats for the weary—as soon as a shopper sits down, the wheels lock.<sup>67</sup>
- Japan's population is graying rapidly (21 percent of all Japanese are older than 65 years old), and businesses need to shift gears to keep up with this reality. The Lawson convenience store chain plans to eventually convert 20 percent of its nearly 8,400 stores to senior-friendly centers. These will feature broader aisles to accommodate wheelchairs, lower shelves for easier access, and price tags with enlarged print. The stores stock instant meals that shoppers can consume without chewing.<sup>68</sup>

Products get a more sympathetic reception from seniors when their designers make them sensitive to physical limitations. Packages often are awkward and difficult to manage, especially for those who are frail or arthritic. Also, many serving sizes are too big for people who live alone, and coupons tend to be good for family-sized products rather than for single servings.

Some seniors have difficulty manipulating pull-tab caps and push-open milk cartons. Ziploc packages and clear plastic wrap also can be difficult to handle. Packages need to be easier to read and they need to be lighter and smaller. Finally, designers need to pay attention to contrasting colors. A slight yellowing of the eye's lens as one ages makes it harder to see background colors on packages. Discerning among blues, greens, and violets becomes especially difficult. The closer type colors are to the package or ad background color, the less visibility and attention they will command.

## How Can We Segment Seniors?

The senior subculture is an extremely large market: The number of Americans aged 65 and older exceeds the entire population of Canada.<sup>69</sup> Senior consumers are particularly well suited for segmentation because they're easy to identify by age and stage in the family life cycle. Most receive Social Security benefits, so marketers can locate them, and many belong to organizations such as the American Association of Retired Persons ([aarp.org](http://aarp.org)), which boasts more than 12 million dues-paying members. *AARP Magazine* (formerly *Modern Maturity*) segments its customers when it prints three outwardly similar but distinct editions: one for readers in their 50s, one for readers in their 60s, and one for those 70 years old or older.<sup>70</sup>

In addition to chronological age, marketers segment the elderly in terms of the particular years a person came of age (his or her age cohort), current marital status (e.g., widowed versus married), and health and outlook on life.<sup>71</sup> One ad agency devised a segmentation scheme for American women over the age of 65 that used two dimensions: self-sufficiency and perceived opinion leadership.<sup>72</sup> It discovered many important differences among the groups. The self-sufficient group was more independent, cosmopolitan, and outgoing. Compared to the other seniors, these women were more likely to read books, attend concerts and sporting events, and dine out.

Several segmentation approaches begin with the premise that a major determinant of elderly marketplace behavior is the way a person deals with being old.<sup>73</sup> **Social aging theories** try to understand how society assigns people to different roles across the life span. For example, when people retire they may reflect society's expectations for someone at this life stage—this is a major transition point when we exit from many relationships.<sup>74</sup>

0 | \ | ; b äf Nê^â•+ | Ĩ Nî ç-1 âDÖâ•-1 âDä\ æNê-1 â, Ninth Edition, by Michael R. Solomon. Published by Prentice Hall. Copyright © 2011 Pearson Education, Inc.



## CB AS I SEE IT

Professor George Moschis, Georgia State University

Consumer behavior researchers typically study individuals at a given point in time or stage in life in isolation from events and circumstances they experience or anticipate at various stages in life. While researchers have recognized the importance of prior life experiences in shaping patterns of consumer behavior during later stages in life, they have had inadequate tools to investigate consumer behavior issues over the course of life. Consumer research over the life course has been predominantly cross-sectional; it focuses on the consumer behavior of different age groups, and is confined to describing the observed differences that exist across age categories of individuals. For the most part it does not address how and why changes in consumer behavior occur over the life span.

In recent decades, however, an increasing number of researchers in various disciplines have adopted the **life course paradigm** to study behavior. This perspective views behavior at any stage in life or given point in time as the product of one's actions or responses to earlier life conditions and the way the individual has adapted to social and environmental circumstances. The life course model suggests that changing life conditions in the form of life-event experiences create physical, social, and emotional demands and circumstances to which one must adapt. Development and change in patterns of thought and action may be viewed as an outcome of one's adaptation to various demands and circumstances, with adaptation entailing the change mechanisms or processes of socialization, stress and coping responses, and development/growth or decline.

The life course approach can help researchers understand how

experiences at earlier stages in life, including consumer choices, affect current patterns of consumer behavior. We can study consumer behaviors in relation to earlier life stages within historical and cultural contexts and examine the processes that link time and context to change. Specifically, this approach can be used to study issues related to stability, development, and changes in consumer behaviors in later life by considering their timing, duration, sequence, historical contexts, and conditions under which consumers develop or change their consumption patterns. Marketers must appeal to consumers at a given stage in life differently because their needs differ due to life events and circumstances they have experienced. Previous life experiences, such as becoming a widow or a retiree, affect people's mind-sets, consumption needs, and the way they respond to various types of marketing offerings.

A recent study investigated what the authors call **consumer identity renaissance**; this refers to the redefinition process people undergo when they retire. The research identified two different types of identity renaissance: revived (revitalization of previous identities) or emergent (pursuit of entirely new life projects). Even though many retirees cope with losses (of professional identity, spouses, and so on), many of them focus on moving forward. They engage in a host of strategies to do this including *affiliation* where they reconnect with family members and friends (in many cases online) and *self-expression*; this strategy may involve revisiting an activity they never had time to adequately pursue when they were younger, learning new skills, or perhaps moving into an urban area to reengage with cultural activities.<sup>75</sup>

## CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

**1 People have many things in common with others because they are about the same age.**

Consumers who grew up at the same time share many cultural memories because they belong to a common age co-

hort, so they may respond well to marketers' nostalgia appeals that remind them of these experiences.

**2 Teens are an important age segment for marketers.**

Teenagers are in the middle of 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 teens earn money but have few financial obligations, they are a particularly important segment for many nonessential or expressive products, ranging from chewing gum to clothing fashions and music. Because of changes in family structure, many teens also are taking more responsibility for their families' day-to-day shopping. College students are an important but hard-to-reach market. In many cases, they live alone for the first time, so they make important decisions about setting up a household. Tweens are kids aged 8 to 14; they are influential purchasers of clothing, CDs, and other "feel-good" products. Many young people belong to youth tribes that influence their lifestyles and product preferences.

**3 Baby boomers continue to be the most powerful age segment economically.**

Baby boomers are the most powerful age segment because of their size and economic clout. Boomers continue to af-

fect demands for housing, child care, automobiles, clothing, and many other products.

**4 Seniors will increase in importance as a market segment.**

As the population ages, the needs of older consumers will become increasingly important. Many marketers ignore seniors because of the stereotype that they are too inactive and spend too little. This stereotype is no longer accurate. Many older adults 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' perceived ages, which tend to be more youthful than their chronological ages. Marketers also should emphasize concrete benefits of products because this group tends to be skeptical of vague, image-related promotions.

**KEY TERMS**

Age cohort, 514	Gen X, 523	Multigenerational marketing strategy, 515
Baby Boomer, 525	Gen Y, 518	Perceived age, 528
Connexity, 518	Gray market, 527	Social aging theories, 531
Consumer identity renaissance, 532	Life course paradigm, 532	Tweens, 520
Digital natives, 519	Millennials, 518	
Echo boomers, 518		

**REVIEW**

- 1 What is an age cohort, and why is it of interest to marketers?
- 2 List three basic conflicts that teens face, and give an example of each.
- 3 How are Gen Yers different from their older brothers and sisters?
- 4 What are tweens, and why are so many marketers interested in them?
- 5 How do tribal gatherings represent a marketing opportunity?
- 6 What are some of the most efficient ways for marketers to connect with college students?
- 7 What are some industries that stand to benefit most from the increasing affluence and vitality of the senior market?
- 8 What are some effective ways to segment the senior market?

**CONSUMER BEHAVIOR CHALLENGE**

**DISCUSS**

- 1 What are some possible marketing opportunities at reunions? What effects might attending such an event have on consumers' self-esteem, body image, and so on?
- 2 This chapter describes members of Gen Y as much more traditional and team oriented than their older brothers and sisters. Do you agree?
- 3 Many parents worry about the time their kids spend online, but this activity may actually be good for them. A study by the MacArthur Foundation claims that surfers gain valuable skills to prepare them for the future. One of the authors observes, "It may look as though kids are wasting a lot of time hanging out with new media, whether it's on MySpace or sending instant messages. But their participation is giving them the technological skills and literacy they need to succeed in the contemporary world. They're learning how to get along with others, how to manage a public identity, how to create a home page." The study also finds

that concerns about online predators are overblown; most kids socialize with friends they know from other situations like school or camp.<sup>76</sup> What's your take on this? Are concerns about excessive Web surfing overblown?

- 4 What are some of the positives and negatives of targeting college students? Identify some specific marketing strategies you feel have either been successful or unsuccessful. What characteristics distinguish the successes from the failures?
- 5 An energy drink called Cocaine created quite a buzz before the FDA pulled it from stores. Now, it's back—but this time with changes that allow it to meet the FDA's requirements: It removed the tagline "the legal alternative," added an antidrug warning label on the can, and removed FDA-unapproved health benefits from its Web site.<sup>77</sup> Is this not-too-subtle reference to underground

culture a reasonable marketing strategy? Why might it succeed? Should other companies emulate it?

- 6 Why have baby boomers had such an important impact on consumer culture?
- 7 How has the baby boomlet changed attitudes toward child-rearing practices and created demand for different products and services?
- 8 "Kids these days seem content to just hang out, surf the Net, text with their friends, and watch mindless TV shows all day." How accurate is this statement?
- 9 Is it practical to assume that people age 55 and older constitute one large consumer market? How can marketers segment this age subculture? What are some important variables to keep in mind when we tailor marketing strategies to older adults?

## ■ APPLY

- 1 Find good and bad examples of advertising that targets older consumers. To what degree does advertising stereotype the elderly? What elements of ads or other promotions appear to determine their effectiveness in reaching and persuading this group?
- 2 If you were a marketing researcher assigned to study what products are "cool," how would you do this? Do you agree with the definitions of "cool" the young people provided in the chapter?
- 3 Marketers of entrenched brands like Nike, Pepsi, and Levi Strauss tear their hair out over Gen Y consumers.

## PRIMUM SHARONDA

Image-building campaigns (e.g., 50 Cent endorsing Reebok) are not as effective as they once were. What advice would you give to a marketer who wants to appeal to Gen Y? What are major dos and don'ts? Can you provide some examples of specific marketing attempts that work or don't work?

- 4 Interview some retired people. How are they reconstructing their identities? What opportunities do their desires present for marketers?

## Case Study

### SCION'S QUEST TO CRACK GEN Y

How can a big company capture the attention of Gen Y? Toyota created an entirely new division to go after young drivers. Scion (pronounced *sigh-on*) launched in early 2004 with only two models—the small, wedgy four-door xA hatchback, and the odd-looking four-door xB hatchback that looks more like the shipping crate that a real car would come in. Since then, the company added the more stylish tC coupe and the xD hatchback. All are packed with standard features and retail for less than \$18,000.

Scion is more than just another car company, however. Jim Farley, vice president of the division, calls Scion a "laboratory for understanding the quirks and demands of Generation Y." Scion's marketers discovered some core characteristics of this group as they developed their marketing strategy:

*Gen Yers are impervious to traditional advertising*—Like so many other companies, Scion learned that Gen Y consumers resent the mass-media tactics of big brands. Scion instead spends most of its promotional dollars on advertising in obscure lifestyle

magazines that target small youth culture niches. In addition, Scion uses grassroots efforts to take the brand to the target market through staged events that seem to just make the vehicle appear in natural situations (e.g., traveling art and music shows).

*Gen Yers are individualistic*—Young drivers want more than transportation. They want a customized fashion statement. Because of this, Scion's big allure is the huge list of dealer options. This includes everything from spoilers and LED interior lights to custom graphics, leather interiors, engine-performance parts, and custom wheels. Eighty percent of Scion buyers purchase at least one accessory to make their car their own.

*Gen Yers are relatively well-off*—This age group has more money (though less credit) than did previous generations at the same age. While they are still somewhat limited by their beer-level budgets, they have champagne appetites. That's why Scions come well-equipped with standard features. That's also why Scion has priced its vehicles low. This way, customers can spend their money on custom acces-

sories. And that they do. The average buyer spends \$800 to \$1,000 on accessories when they buy the car. Many treat their vehicles as works in progress; they add goodies over time as they can afford them.

*Gen Yers are Web savvy*—Scion has a strong Web presence, including a very well-developed Web site that allows prospective buyers to customize online. Two-thirds of buyers do so prior to visiting the showroom. Scion owners often gather at community Internet sites like [Scionlife.com](http://Scionlife.com), which gets hundreds of thousands of hits a day.

Have Toyota's efforts to reach America's youth paid off? Sales exceeded expectations from the beginning, with 175,000 Scions flying out of showrooms each year. Scion customers are among the youngest in the industry; the average owner ranges in age from 26 to 38 (the average age for the industry is well over 40). What's more, 85 percent of Gen Y shoppers now recognize the Scion brand. Scion's long-term objective is to reach unit sales of 300,000. If Scion stays

on its current course, it's in good shape to command the loyalty of a fickle generation.

## DISCUSSION QUESTIONS

- 1 Is Toyota wasting its time as it pays so much attention to age as a segmentation variable? Explain.
- 2 When you consider the characteristics of Gen Y, what do you see as some of the challenges that Scion faces in the future as the brand grows?
- 3 If Gen Yers indeed are "impervious to advertising," how can Scion continue to grow without reaching young people through traditional media outlets?

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## SECTION 4 MINTEL MEMO AND DATASET EXERCISE

### Mintel Memo

TO: Consumer Research Dept.  
 FROM: The Big Boss  
 RE: Premium chocolate

We all love our premium chocolate brand, but we really need to shake up our marketing for it—our sales have been stagnant for quite awhile now. I have no big ideas in mind, so I would consider tweaking any aspect of our marketing strategy to pull our chocolate out of its sales rut. Therefore, please provide us with actionable recommendations for any of our marketing strategy elements based on this information. I have a strong suspicion that we should begin to differentiate our segmentation strategies. As you analyze the data in the tables provided, keep an eye on trends among income/social subcultures, ethnic/racial subcultures, and age subcultures.

When you write your memo, please try to incorporate relevant concepts and information you learned when you read the designated chapters!

Number of Respondents		615	438	80	23	138
Respondent Categories		Ethnicity			Age	
Respondent Sub-categories		Total	Caucasian	African American	25–34	55+
			(A)	(B)	(A)	(B)
Question	Answers	%	%	%	%	%
When it comes to premium/gourmet chocolate, which is your favorite type? (Comparison of Column Proportions)	Dark chocolate	43	48	28	38	52
			B			A
	Milk chocolate	42	36	63	48	33
				A	B	
	White chocolate	7	7	5	6	3
	I do not have a favorite type	8	9	5	8	12

Comparison of Column Proportions results are based on two-sided tests with significance level  $p < 0.05$ . Letters appearing in the column category denote a significant difference between the number immediately above the letter and the category associated with that particular letter. For example, the “B” in the Caucasian category above denotes a significant difference between the percentage of Caucasians who specify dark chocolate as their favorite type (48%) and the percentage of African Americans who specify the same (28%).

*What can we learn from these data to help our company’s segmentation and marketing strategies for specific subcultures?*

To access the complete Mintel questionnaires and datasets, go to MyMarketingLab at [www.mypearsonmarketinglab.com](http://www.mypearsonmarketinglab.com). If you are not using MyMarketingLab, visit this book’s Companion Website at [www.pearsonhighered.com/solomon](http://www.pearsonhighered.com/solomon).